

**CITY OF LINCOLN,
CALIFORNIA**



**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2012**

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CITY OF LINCOLN
Annual Financial Report
For the Year Ended June 30, 2012

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INTRODUCTORY SECTION

- **List of Officials**

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CITY OF LINCOLN
City Officials
For the Year Ended June 30, 2012

<u>Name</u>	<u>Office</u>
Spencer Short	Mayor
Tom Cosgrove	Mayor Pro Tem
Gabriel Hydrick	Councilmember
Paul Joiner	Councilmember
Stan Nader	Councilmember

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FINANCIAL SECTION

- **Independent Auditor's Report**
- **Management's Discussion and Analysis**
- **Basic Financial Statements**
- **Required Supplementary Information**
- **Combining Nonmajor Fund Statements**

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Lincoln, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Lincoln, California (City), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1K to the basic financial statements, the City has not recorded developer constructed infrastructure in the governmental activities, business-type activities and proprietary funds and accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that those developer constructed infrastructure assets be capitalized and depreciated, which would increase the assets, net assets, and expenses of the governmental activities, business-type activities and proprietary funds. The amount by which this departure would affect the assets, net assets, and expenses of the governmental activities, business-type activities and proprietary funds of the City is not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to previously do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities, business-type activities and proprietary funds of the City as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major governmental fund, the aggregate remaining governmental fund information and the internal service fund information of the City as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Honorable Mayor and
Members of the City Council
City of Lincoln, California


As discussed in Note 2 to the basic financial statements, errors were detected in prior year net assets. The correction of these errors resulted in the restatement of beginning net assets/fund balance for the year ended June 30, 2012.

As discussed in Note 17 to the basic financial statements, the City is projecting a negative fund balance in the General fund by the end of fiscal year 2015/16 and currently has negative fund balances in certain funds that do not have an immediate revenue source. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with Government Auditing Standards, we have also issued our report dated January 10, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section and combining nonmajor fund statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining nonmajor fund statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.


Smith & Newell CPAs
Yuba City, California
January 10, 2013

**Management's Discussion and Analysis
(Unaudited)**

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CITY OF LINCOLN MANAGEMENT'S DISCUSSION AND ANALYSIS

As Management of the City of Lincoln (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Lincoln for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with the City's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

- The assets of the City of Lincoln exceeded its liabilities at the close of the most recent fiscal year by \$484,779,714 (net assets). Unrestricted funds showed a negative balance of \$7,853,856.
- The City's total net assets decreased by \$16,489,008. Governmental activities decreased the City's net assets by \$19,406,703 and business-type activities increased the City's net assets by \$2,917,695. Included in the governmental activities decrease is a restatement of net assets as shown in Note 2 on page 37.
- As of June 30, 2012, the City's governmental funds reported combined ending fund balances of \$41,034,024, a decrease of \$16,876,261 in comparison with the prior year. Nonspendable, restricted and committed funds totaled \$69,019,989 whereas unrestricted funds registered a negative balance of \$27,985,965.
- At the end of the fiscal year, unassigned fund balance of the General fund was \$3,533,294 or 29.6% of total General fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction of the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Lincoln is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Lincoln that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Lincoln included general government, public safety, public works and facilities, culture and recreation, urban redevelopment and housing and education. The business-type activities of the City of Lincoln included water, wastewater, solid-waste, transit and airport.

The Lincoln Public Financing Authority, although legally separate, functions for all practical purposes as departments of the City of Lincoln and, therefore, have been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 14-15 of this report.

CITY OF LINCOLN MANAGEMENT'S DISCUSSION AND ANALYSIS

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Lincoln, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds in the City of Lincoln can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Lincoln maintains 73 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, Street Fund, Public Facility Element (PFE) funds, Water Connections special revenue fund, and Special Assessment District funds. All of these are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 16-19 of this report.

Proprietary funds. The City of Lincoln maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statement. The City of Lincoln uses enterprise funds to account for its water, wastewater, solid-waste, transit and airport operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of Lincoln uses the internal service fund to account for its vehicle fleet, facility maintenance, administrative services, and for its management of public services. Since all of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for its water, wastewater, solid waste and airport operations, as all of these are considered to be major funds of the City of Lincoln. Data from the remaining proprietary fund is combined into a single aggregate presentation.

The basic proprietary fund financial statements can be found on pages 20-24 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of the funds are *not* available to support the City's own programs. Fiduciary funds are custodial in nature and therefore, the accounting used does not involve the measurement of the results of operations.

The basic fiduciary fund financial statements can be found on pages 25-26 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-64 of this report.

CITY OF LINCOLN

MANAGEMENT'S DISCUSSION AND ANALYSIS

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's infrastructure assets reported using the modified approach. The City of Lincoln adopts an annual appropriated budget for its General fund, Street Fund, Public Facility Element (PFE) funds, Water Connections special revenue fund, and Special Assessment District funds. Budgetary comparison schedules have been provided for these five major funds to demonstrate compliance with this budget. The budgetary comparison schedules can be found on pages 68-72 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, and fiduciary funds are presented immediately following the required supplementary information, which is found on pages 74-105.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Governmental Activities: A comparative analysis of the government-wide data follows.

Net Assets As of June 30, 2012 and 2011

	Governmental Activities		Business-type Activities		Total		
	2012	2011	2012	2011	2012	2011	Variance
Assets:							
Current and other assets	\$ 50,535,859	\$ 82,177,466	\$ 24,284,201	\$ 19,248,122	\$ 74,820,060	\$101,425,588	\$(26,605,528)
Capital assets	347,222,439	350,728,268	103,709,664	104,121,253	450,932,103	454,849,521	(3,917,418)
Total Assets	\$397,758,298	\$432,905,734	\$ 127,993,865	\$ 123,369,375	\$525,752,163	\$556,275,109	\$(30,522,946)
Liabilities:							
Current and other liabilities	\$ 8,824,288	\$ 12,023,940	\$ 2,891,654	\$ 2,946,009	\$ 11,715,942	\$ 14,969,949	\$ (3,254,007)
Long-term liabilities	24,121,997	36,663,078	5,134,510	3,373,360	29,256,507	40,036,438	(10,779,931)
Total Liabilities	\$ 32,946,285	\$ 48,687,018	\$ 8,026,164	\$ 6,319,369	\$ 40,972,449	\$ 55,006,387	\$(14,033,938)
Net Assets:							
Investment in capital assets							
net of related debt	\$325,101,751	\$316,648,571	\$ 101,133,414	\$ 101,243,804	\$426,235,165	\$417,892,375	\$ 8,342,790
Restricted	66,398,405	85,179,081	-	-	66,398,405	85,179,081	(18,780,676)
Unrestricted	(26,688,143)	(17,608,936)	18,834,287	15,806,202	(7,853,856)	(1,802,734)	(6,051,122)
Total Net Assets	\$364,812,013	\$384,218,716	\$ 119,967,701	\$ 117,050,006	\$484,779,714	\$501,268,722	\$(16,489,008)

By far, the largest portion of the City's net assets (\$426,235,165 or 87.9%) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets to provide services to citizens; consequently, these assets are not available for future spending. The remaining City's net assets consist of unrestricted net assets with a negative balance of \$7,853,856 and restricted funds of \$66,398,405, which are resources subject to external restrictions on how they may be used. Governmental activities decreased the City's net assets by \$19,406,703 (see Note 2 on page 37). Business-type activities increased the City's net assets by \$2,917,695.

**CITY OF LINCOLN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Changes in Net Assets
As of June 30, 2012 and 2011**

	Governmental Activities		Business-type Activities		Total		
	2012	2011	2012	2011	2012	2011	Variance
Revenues:							
Program revenues:							
Charges for services	\$ 6,239,466	\$ 5,101,613	\$ 24,570,314	\$ 23,218,390	\$ 30,809,780	\$ 28,320,003	\$ 2,489,777
Operating grants and contributions	3,455,701	4,129,716	1,142,591	1,428,826	4,598,292	5,558,542	(960,250)
Capital grants and contributions	1,680,280	151,718	543,189	480,434	2,223,469	632,152	1,591,317
General revenues:							
Property taxes	8,309,198	9,742,282	-	-	8,309,198	9,742,282	(1,433,084)
Sales taxes	2,218,295	1,968,627	-	-	2,218,295	1,968,627	249,668
Other taxes	990,613	849,872	43,204	40,349	1,033,817	890,221	143,596
Investment earnings	733,848	1,121,897	282,286	335,266	1,016,134	1,457,163	(441,029)
Other revenues	478,529	557,398	209,841	184,555	688,370	741,953	(53,583)
Total Revenues	24,105,930	23,623,123	26,791,425	25,687,820	50,897,355	49,310,943	1,586,412
Expenses:							
General government	2,574,813	2,816,650	-	-	2,574,813	2,816,650	(241,837)
Public safety	9,006,804	10,484,408	-	-	9,006,804	10,484,408	(1,477,604)
Public works and facilities	10,423,827	11,295,372	-	-	10,423,827	11,295,372	(871,545)
Culture & recreation	591,312	870,049	-	-	591,312	870,049	(278,737)
Education	486,019	712,886	-	-	486,019	712,886	(226,867)
Urban development & housing	178,613	1,093,409	-	-	178,613	1,093,409	(914,796)
Interest on long-term debt	1,361,643	1,884,470	-	-	1,361,643	1,884,470	(522,827)
Water	-	-	7,821,110	8,798,950	7,821,110	8,798,950	(977,840)
Wastewater	-	-	5,144,059	4,920,695	5,144,059	4,920,695	223,364
Solid waste	-	-	4,369,551	3,952,669	4,369,551	3,952,669	416,882
Transit	-	-	939,595	1,145,903	939,595	1,145,903	(206,308)
Airport	-	-	1,818,658	1,993,639	1,818,658	1,993,639	(174,981)
Total Expenses	24,623,031	29,157,244	20,092,973	20,811,856	44,716,004	49,969,100	(5,253,096)
Changes in net assets before transfers	(517,101)	(5,534,121)	6,698,452	4,875,964	6,181,351	(658,157)	6,839,508
Transfers	2,195,637	1,357,294	(2,195,637)	(1,357,294)	-	-	-
Extraordinary gain	4,329,643	-	-	-	4,329,643	-	4,329,643
Change in net assets	6,008,179	(4,176,827)	4,502,815	3,518,670	10,510,994	(658,157)	11,169,151
Net assets-beginning	384,218,716	388,878,836	117,050,006	113,531,336	384,218,716	502,410,172	(118,191,456)
Prior period adjustments	(25,414,882)	(483,293)	(1,585,120)	-	(25,414,882)	(483,293)	(24,931,589)
Net assets- Ending	\$364,812,013	\$384,218,716	\$119,967,701	\$117,050,006	\$369,314,828	\$501,268,722	\$(131,953,894)

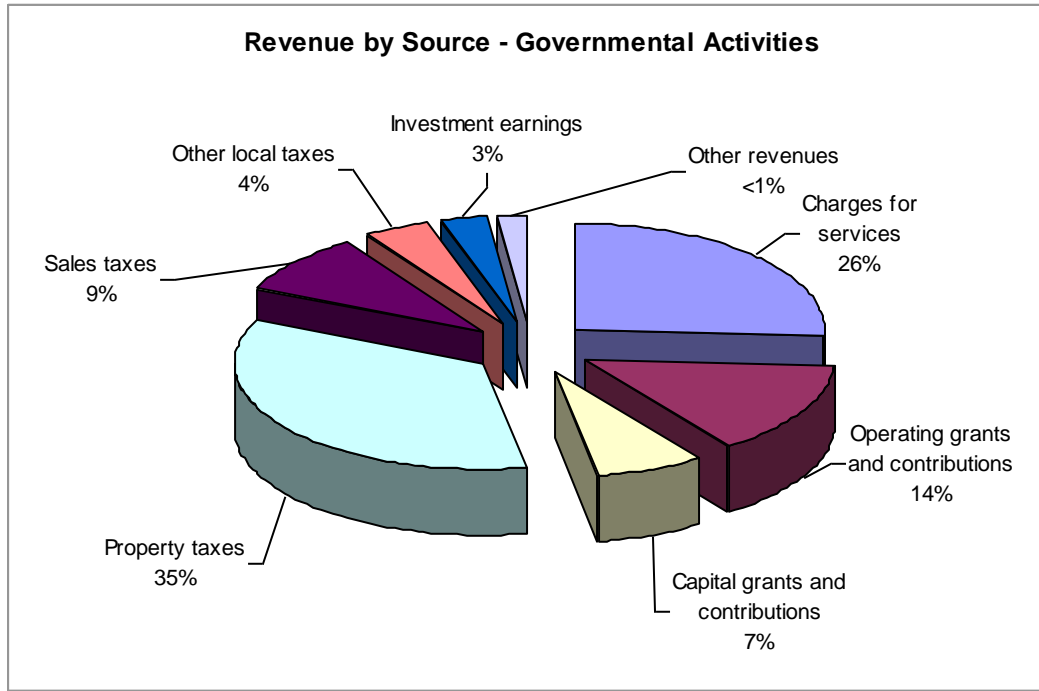
Key elements of the changes in revenues for governmental activities are as follows:

- Capital grants and contributions for governmental activities increased by \$1,508,562 or 91.0% mainly due to the receipt from the State of California for payment of the retention on the 12 Bridges Library project.
- Property taxes decreased by \$1,433,085 or 17.2% due to the dissolution of the Lincoln Redevelopment Agency as required by the State of California. As a matter of law, the only remaining activity is a private purpose trust called the Redevelopment Retirement Obligation Fund which is not a governmental fund and not included in the government wide reports.

**CITY OF LINCOLN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

- Investment earnings for governmental activities have decreased by \$441,059 or 52.9%, reflective of the total decline in cash and investments.

The following chart shows Governmental Activities Revenues by Source:

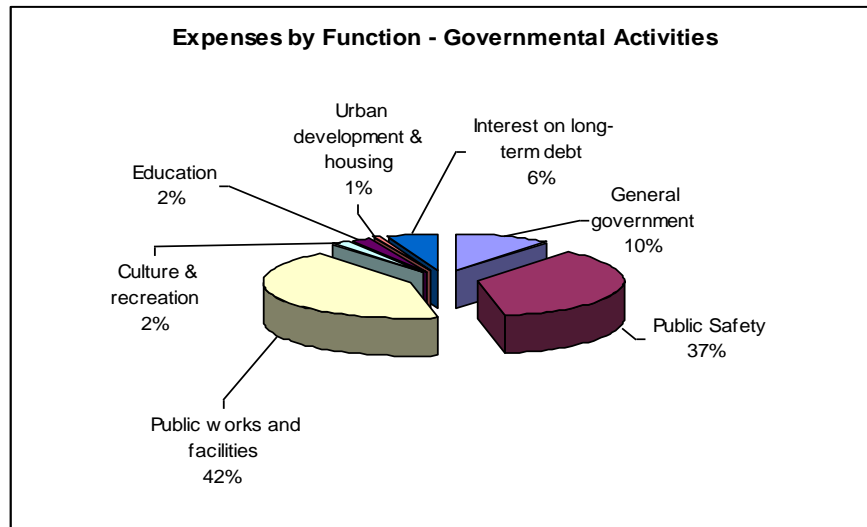


Key elements of the decrease in expenses for governmental activities are as follows:

- Public safety expenses decreased by \$1,177,604 or 16.4%. Culture and recreation expenses decreased by \$278,737. Education (Library) expenses decreased by \$226,867. All these decreases are primarily due to reduced staffing.
- Urban redevelopment and housing expenses decreased by \$914,796 or 83.6%. The decrease is due to the dissolution of the Lincoln Redevelopment Agency as required by the State of California.
- Interest on long-term debt decreased by \$552,827 or 38.4% due to the dissolution of the Lincoln Redevelopment Agency.

CITY OF LINCOLN MANAGEMENT'S DISCUSSION AND ANALYSIS

The following chart shows Governmental Activities Expenses by Function:

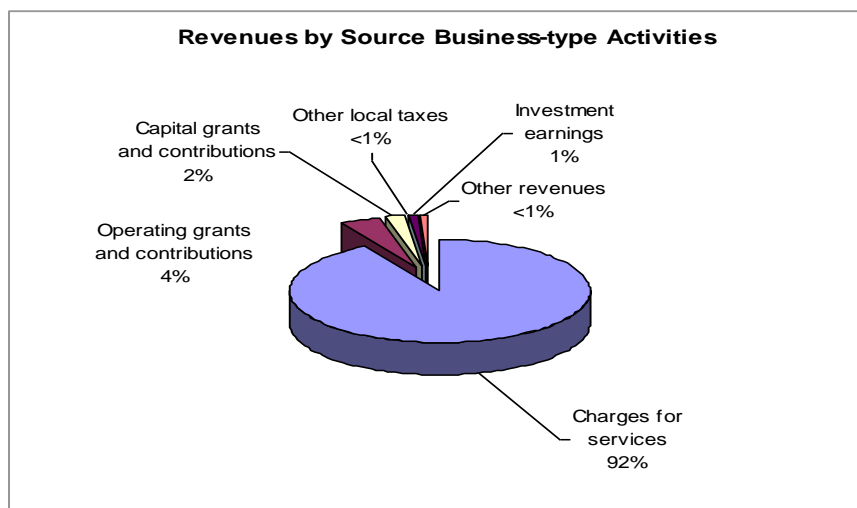


Business-type Activities: Business-type activities expenses decreased the City's net assets by \$718,883 in the fiscal year ending June 30, 2012.

Key elements accounting for the changes in revenues and expenses for business type activities are as follows:

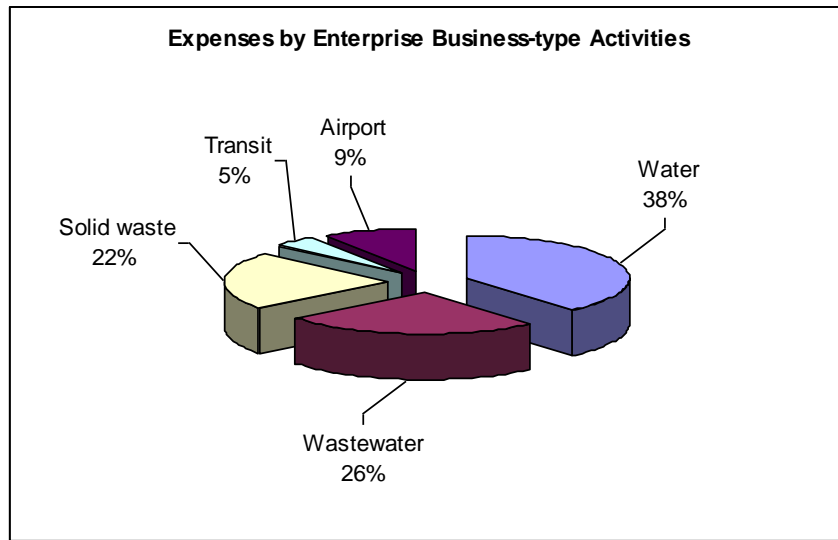
- Operating grants and contributions decreased by \$286,235 or 20.0% mainly due to decreased transit tax revenue.
- Investment earnings increased by \$52,980 or 15.8%, reflective of an increase in cash and investments.
- Transit expenses decreased \$206,308 or 18.0%.

The following chart shows Business-type Activities Revenues by Source:



CITY OF LINCOLN MANAGEMENT'S DISCUSSION AND ANALYSIS

The following chart shows Business-type Activities Expenses by Enterprise:



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City of Lincoln uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Under the Government Accounting Standards Board Statement 54, fund balances are now classified as Nonspendable, Restricted, and Unassigned. Nonspendable fund balances are amounts that are inherently nonspendable, i.e. cannot be spent because of their form or because they must be maintained intact. Restricted fund balances are amounts with externally enforceable limitations on use, such as limitations imposed by creditors or grantors, and limitations imposed by other governments. Unassigned fund balances, residual net resources, is the amount in excess of nonspendable and restricted amounts. Negative fund balances are included in unassigned fund balance.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the City's financial requirements.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$41,034,024, a decrease of \$16,876,261 in comparison with the prior year, primarily due to a reclassification of the bond funded capital projects funds from governmental funds to agency funds.

Nonspendable fund balances total \$33,114,956, restricted fund balances total \$33,380,699, committed fund balances total \$2,524,334 and unassigned fund balances total a negative \$27,985,965. While the General Fund has a positive unassigned fund balance of \$3,533,294, all other government funds have a negative unassigned fund balance of \$31,519,259. It is the weight of these accumulated negative fund balances that causes concern regarding the future financial welfare of the City.

The following discussion touches on each of the five major governmental fund types.

General Fund. The General Fund is the chief operating fund of the City of Lincoln. During Fiscal Year 2011/12, the City's General Fund balance increased by \$330,253 to an ending fund balance of \$6,157,878. The unassigned fund balance of the General fund was \$3,533,294. The committed fund balance at year end was \$2,524,334 which consists of \$1,460,000 committed for Other Post Employment Benefits (OPEB), \$995,751 committed for catastrophic reserve, and \$68,582 Mayor's Cup proceeds to be used as recreation scholarships. The nonspendable fund balance at year end is \$100,250, which is the amount invested in the City's insurance JPA (Northern California Cities Self Insurance Fund).

**CITY OF LINCOLN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Revenues exceeded expenditures by \$215,763, transfers in exceeded transfers out by \$114,490, resulting in a year end gain of \$330,253. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. Unassigned fund balance represents 21.2% of total General fund expenditures.

The following Revenue by Source and Expenditure by Function tables provide a two-year comparison. Accompanying the tables are brief explanations of significant changes.

**Revenue by Source
General Fund**

	FY 2012		FY 2011		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent
Taxes and assessments	\$ 10,425,512	86.00%	\$ 9,892,712	80.20%	\$ 532,800	5.40%
Licenses and permits	133,622	1.10%	819,191	6.60%	(685,569)	-83.70%
Fines and penalties	100,522	0.80%	121,573	1.00%	(21,051)	-17.30%
Interest and Investment Inco	67,006	0.60%	71,933	0.60%	(4,927)	-6.80%
Intergovernmental revenue	123,240	1.00%	312,978	2.50%	(189,738)	-60.60%
Charges for services	956,339	7.90%	781,635	6.30%	174,704	22.40%
Other revenues	324,194	2.70%	333,601	2.70%	(9,407)	-2.80%
Total	\$ 12,130,435	100.00%	\$ 12,333,623	100.00%	\$(203,188)	-1.60%

- Total General Fund revenues decreased \$203,188 or 1.6% from the prior fiscal year, primarily due to a decline in Intergovernmental revenue as noted below.
- The revenue categories Taxes and assessments, Licenses and permits, Fines and penalties, and Charges for services summed together were \$11,615,995 for Fiscal Year 2011/12 and \$11,615,111 for FY2010/11, a negligible variance of \$884. Classifications of these types of revenues have been changed in the FY2011/12 financial reports to better reflect how these items are budgeted. These changes result in some extreme variances in individual categories, which smooth out when summed together.
- Interest and investment income decreased \$4,927 or 6.8%, reflective of a continued decline in investment returns.
- Intergovernmental revenue declined \$189,738 or 60.6% primarily due to a discontinuation by the State of California of the SB1096 Motor Vehicle in Lieu fees distribution to local governments.
- Other revenues declined \$9,407 or 2.8% a variance caused by a decline in donations and miscellaneous reimbursements.

**CITY OF LINCOLN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Expenditures by Function
General Fund**

	FY2011		FY2011		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
General Government	\$ 2,249,529	18.90%	\$ 1,741,633	13.40%	\$ 507,896	29.20%
Public safety	8,378,080	70.30%	9,640,148	74.40%	(1,262,068)	-13.10%
Public works and facilities	274,912	2.30%	220,520	1.70%	54,392	24.70%
Culture and recreation	571,875	4.80%	812,219	6.30%	(240,344)	-29.60%
Education	440,276	3.70%	545,728	4.20%	(105,452)	-19.30%
Total	\$11,914,672	100.00%	\$12,960,248	100.00%	\$(1,045,576)	-8.10%

- Total General Fund expenditures decreased by \$1,045,576 or 8.1% from the prior fiscal year indicating a continuing trend of prudent spending and declining personnel costs.
- General Government increased by \$507,896 or 29.2%
- Public safety decreased by \$1,262,068 or 13.1%, primarily as a result of continued staffing reductions.
- Public works and facilities increased by \$54,392 or 24.7%. Public works costs are expected to fluctuate somewhat year to year due to differing requirements for maintenance and improvements from year to year.
- Culture and recreation decreased \$240,344 or 29.6% primarily attributable to a reduction in salary and benefit costs.
- Education decreased by \$105,452 or 13.2%. The decrease was primarily due to continuing cost savings measures at 12 Bridges Library.

Public Facility Element (PFE) Special Revenue Funds. The PFE funds are collected with the issuance of building permits and are used by the City to fund infrastructure projects and public facilities. The City's PFE funds include Transportation, Drainage, Parks, and Community Services for Police, Fire, Administration and the Library. Development in Lincoln has declined dramatically and these funds have a total negative fund balance at the end of FY2011/12 of \$20,658,177 or 11.8% less negative than the prior fiscal year. This improvement over the prior year is indicative of a slowly recovering economy. As new development projects are undertaken, new fees will be applied toward these negative fund balances.

Water Connection Special Revenue Funds. These funds are used to account for water connection fees collected from developers and property owners that are required by the California Government Code to be expended for capacity expansion. Fund balance at the end of FY2011/12 was \$23,853,781 or 11.9% more than the prior fiscal year, also indicative of a slowly recovering economy.

Special Assessments Districts Special Revenue Funds. These are the lighting and landscaping special districts, the community facilities districts, and the benefit assessment district. The combined fund balance at the end of FY2011/12 was \$8,161,913 or 19.0% more than the prior fiscal year.

CITY OF LINCOLN MANAGEMENT'S DISCUSSION AND ANALYSIS

Redevelopment Agency (RDA) Fund. The City of Lincoln Redevelopment Agency was dissolved as a matter of law on January 31, 2012. The RDA had two primary programs – Low/Moderate Income Housing and Redevelopment. On January 24, 2012, the City Council elected to opt-out of the Low/Moderate Income Housing Program, meaning that this program would be turned over to either Placer County or the State of California. The Redevelopment program was discontinued when the RDA was dissolved. AB1X26 and AB1X27 allows for the originating government (the City Council) to become the Successor Agency to manage the unwinding of the financial affairs of the former RDA. The Successor Agency acts in the capacity as a trustee to pass through the receipt of property tax funds from Placer County and the subsequent payment to creditors of the former RDA. The former RDA funds have now become Private Purpose Trust funds and are not reported in the Government Wide Financial Statements. The private purpose trust funds can be found on pages 102-103 of this report.

GENERAL FUND BUDGETARY HIGHLIGHTS

In preparing its budgets, the City attempts to estimate its revenues using realistic, but conservative, methods and budgets its expenditures activities in a prudent manner. As a result, the City Council adopts budget adjustments during the course of the fiscal year to reflect both changed priorities and availability of additional revenues.

The final General Fund budget for FY2011-12 included revenue of \$11,170,643 and appropriations of \$12,352,425, showing an anticipated shortfall of \$1,181,782. The results of the General Fund for the year ended June 30, 2012, were more favorable than anticipated. Actual amounts at the end of the year showed revenues were \$987,490 greater than the budget estimate and expenditures were \$410,055 less than the budget estimate. Instead of ending the year with a \$1,181,782 deficiency, there was an actual surplus of \$215,763. Additionally, transfers in/out netted to an increase of \$114,490. The result was a positive net change in General Fund fund balance of \$330,253.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2012, amounts to \$450,932,103 (net of accumulated depreciation). This investment in capital assets includes land, building and facilities, machinery and equipment, park facilities, and roads. Total decrease in the City's investments in capital assets for the current fiscal year is \$3,917,418 or 0.9%.

City's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 10,157,355	\$ 11,196,155	\$ 1,699,900	\$ 1,699,900	\$ 11,857,255	\$ 12,896,055
Infrastructure, modified approach	101,711,250	100,914,368	73,579,495	59,934,299	175,290,745	160,848,667
Construction in progress	154,246,359	158,002,648	19,109,967	32,498,882	173,356,326	190,501,530
Buildings and structures	61,469,728	63,315,073	6,139,610	6,618,751	67,609,338	69,933,824
Machinery and equipment	2,356,943	1,842,158	2,849,681	3,017,478	5,206,624	4,859,636
Land improvement	17,280,804	15,457,866	331,011	351,943	17,611,815	15,809,809
Total	\$347,222,439	\$350,728,268	\$103,709,664	\$104,121,253	\$450,932,103	\$454,849,521

Both Governmental Activities and Business-type Activities experienced a decrease in capital assets, net of depreciation; Governmental Activities decreased by \$3,505,739 or 1.0% and Business-type Activities decreased by \$411,589 or 0.4%. Some of the decline in the Governmental Activities is due to the dissolution of the Redevelopment Agency and the transfer of some assets to the Private Purpose Trust.

CITY OF LINCOLN MANAGEMENT'S DISCUSSION AND ANALYSIS

The City's infrastructure assets are recorded at historical cost in the government-wide financial statements as required by Governmental Accounting Standard (GASB) Statement No. 34. The City has elected to use the modified approach to report its maintained road network. Back in FY2002-03, the total number of City street miles was recorded at 132.03. The last assessment took place in 2008, with the total number of street miles recorded at 226.03. This is an increase of 94 miles, mainly as a result of new developments throughout the City. The City has commissioned an appraisal of all City-owned infrastructure assets. The complete valuation of the City's remaining infrastructure is anticipated to be completed during FY2013-14.

Additional information on the City's capital assets can be found in Note 4 on pages 43-45 and required supplemental information on pages 65-67 of this report.

Long-term debt. At the end of the current fiscal year, the City of Lincoln had total debt outstanding of \$31,491,163. This amount is comprised of \$22,710,687 in bond debt, \$3,680,585 in post employment benefit obligation, \$1,880,905 in capital leases, \$1,629,992 in compensated absences, \$1,483,649 in landfill post closure liability, and \$105,345 in loans payable.

City's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Bonds	\$ 22,120,687	\$ 35,814,783	\$ 590,000	\$ 795,000	\$ 22,710,687	\$ 36,609,783
OPEB	2,444,056	1,732,772	1,236,529	749,920	3,680,585	2,482,692
Capital leases	-	-	1,880,905	1,957,869	1,880,905	1,957,869
Loans Payable	-	-	105,345	124,580	105,345	124,580
Postclosure			1,483,649	-	1,483,649	-
Compensated absences	1,326,057	1,679,398	303,935	245,392	1,629,992	1,924,790
Total	\$ 25,890,800	\$ 39,226,953	\$5,600,363	\$ 3,872,761	\$31,491,163	\$ 43,099,714

The City's total debt decreased by \$11,608,551 or 36.9% during the current fiscal year. The decrease is primarily attributable to the transfer of Redevelopment related debt that was previously recorded in Governmental Activities, but is now reported in the Private Purpose Trust.

Additional information on the City's long-term debt can be found in Note 7 on pages 48-51 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City of Lincoln, like most governmental agencies, has been negatively impacted by the economic downturn over the past several years. The City Council, working with City staff, implemented a number of cost saving measures which have improved the City's financial outlook. In fact, the Fiscal Year 2012-13 Budget is balanced with projected revenues at least equal to anticipated expenditures. It appears that the local economy is beginning a slow recovery with the City's two main sources of revenue, sales tax and property tax, having stabilized. The development of the Fiscal Year 2013-14 Budget will be yet another challenging effort to balance limited resources with the various demands for service.

REQUESTS FOR INFORMATION

This financial statement is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, please write to the Administrative Services Department, City of Lincoln, 600 Sixth Street, Lincoln, CA 95648.

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Basic Financial Statements

- **Government-Wide Financial Statements**

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CITY OF LINCOLN
Statement of Net Assets
June 30, 2012

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and investments	\$ 32,093,928	\$ 18,437,480	\$ 50,531,408
Accounts receivable (net of allowance)	1,846,251	3,608,648	5,454,899
Interest receivable	6,373	4,351	10,724
Taxes receivable	2,878,601	3,677	2,882,278
Due from other governments	2,158,446	1,046,737	3,205,183
Due from other agencies	4,444,190	296,060	4,740,250
Internal balances	(559,294)	559,294	-
Prepaid costs	15,794	261,946	277,740
Deferred charges	553,338	-	553,338
Investment in JPA	143,628	16,974	160,602
Inventory	-	48,386	48,386
Restricted cash and investments	3,543,635	648	3,544,283
Loans receivable	3,410,969	-	3,410,969
Capital assets:			
Non-depreciable	266,114,964	94,389,362	360,504,326
Depreciable, net	81,107,475	9,320,302	90,427,777
Total capital assets	<u>347,222,439</u>	<u>103,709,664</u>	<u>450,932,103</u>
Total Assets	<u>397,758,298</u>	<u>127,993,865</u>	<u>525,752,163</u>
LIABILITIES			
Accounts payable	1,609,931	1,833,706	3,443,637
Accrued salaries and benefits	402,728	108,563	511,291
Accrued interest payable	430,917	32,478	463,395
Other accrued liabilities	394,104	-	394,104
Due to other governmental agencies	-	132,050	132,050
Deposits payable	487,181	91,545	578,726
Retention payable	263,980	-	263,980
Unearned revenue	3,466,644	227,459	3,694,103
Long-term liabilities:			
Due within one year	1,768,803	465,853	2,234,656
Due in more than one year	24,121,997	5,134,510	29,256,507
Total Liabilities	<u>32,946,285</u>	<u>8,026,164</u>	<u>40,972,449</u>
NET ASSETS			
Invested in capital assets, net of related debt	325,101,751	101,133,414	426,235,165
Restricted for:			
General government	9,978,164	-	9,978,164
Public safety	1,028,267	-	1,028,267
Public works and facilities	43,911,605	-	43,911,605
Culture and recreation	906,261	-	906,261
Urban redevelopment and housing	1,608,941	-	1,608,941
Education	4,141,047	-	4,141,047
Endowment:			
Nonexpendable	359,659	-	359,659
Expendable	132,180	-	132,180
Debt service	3,591,441	-	3,591,441
Capital projects	740,840	-	740,840
Unrestricted	<u>(26,688,143)</u>	<u>18,834,287</u>	<u>(7,853,856)</u>
Total Net Assets	<u>\$ 364,812,013</u>	<u>\$ 119,967,701</u>	<u>\$ 484,779,714</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF LINCOLN
Statement of Activities
For the Year Ended June 30, 2012

Functions/Programs:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 2,574,813	\$ 586,097	\$ -	\$ -
Public safety	9,006,804	260,351	101,000	-
Public works and facilities	10,423,827	4,436,027	1,122,872	1,680,280
Culture and recreation	591,312	918,670	116,926	-
Urban redevelopment and housing	178,613	-	-	-
Education	486,019	38,321	2,114,903	-
Interest on long-term debt	1,361,643	-	-	-
Total Governmental Activities	24,623,031	6,239,466	3,455,701	1,680,280
Business-Type activities:				
Water	7,821,110	11,000,418	83,439	334,233
Wastewater operations	5,144,059	7,220,843	32,693	130,140
Solid waste	4,369,551	4,848,401	13,510	78,816
Airport	1,818,658	1,449,562	606	-
Transit	939,595	51,090	1,012,343	-
Total Business-Type Activities	20,092,973	24,570,314	1,142,591	543,189
Total	\$ 44,716,004	\$ 30,809,780	\$ 4,598,292	\$ 2,223,469

General revenues:

Taxes:

Property taxes

Sales and use taxes

Other taxes

Interest and investment earnings

Miscellaneous

Transfers

Extraordinary gain

**Total General Revenues, Transfers and
Extraordinary Gain**

Change in Net Assets

Net Assets - Beginning

Prior period adjustment

Net Assets - Beginning, Restated

Net Assets - Ending

The notes to the basic financial statements are an integral part of this statement.

**Net (Expense) Revenue and
Changes in Net Assets**

Governmental Activities	Business- Type Activities	Totals
\$ (1,988,716)	\$ -	\$ (1,988,716)
(8,645,453)	-	(8,645,453)
(3,184,648)	-	(3,184,648)
444,284	-	444,284
(178,613)	-	(178,613)
1,667,205	-	1,667,205
(1,361,643)	-	(1,361,643)
(13,247,584)	-	(13,247,584)
-	3,596,980	3,596,980
-	2,239,617	2,239,617
-	571,176	571,176
-	(368,490)	(368,490)
-	123,838	123,838
-	6,163,121	6,163,121
(13,247,584)	6,163,121	(7,084,463)
8,309,198	-	8,309,198
2,218,295	-	2,218,295
990,613	43,204	1,033,817
733,848	282,286	1,016,134
478,529	209,841	688,370
2,195,637	(2,195,637)	-
4,329,643	-	4,329,643
19,255,763	(1,660,306)	17,595,457
6,008,179	4,502,815	10,510,994
384,218,716	117,050,006	501,268,722
(25,414,882)	(1,585,120)	(27,000,002)
358,803,834	115,464,886	474,268,720
<u>\$ 364,812,013</u>	<u>\$ 119,967,701</u>	<u>\$ 484,779,714</u>

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Basic Financial Statements

- **Fund Financial Statements**

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CITY OF LINCOLN
Balance Sheet
Governmental Funds
June 30, 2012

	General Fund	Street Fund	Public Facility Element (PFE)	Water Connections
ASSETS				
Cash and investments	\$ 6,046,722	\$ 1,093,592	\$ 4,617,366	\$ 2,026,209
Accounts receivable (net of allowance)	36,511	-	1,813,398	-
Interest receivable	687	118	512	1,924
Taxes receivable	1,493,799	-	-	-
Due from other governments	177,483	1,389,519	576,550	-
Due from other agencies	-	-	-	4,173,721
Due from other funds	101,188	-	-	16,977,280
Prepaid costs	-	-	15,794	-
Investment in JPA	100,250	(2,064)	-	-
Advances to other funds	-	-	3,852,267	679,088
Restricted cash and investments	2,758	-	238,388	-
Loans receivable	-	-	-	-
Total Assets	\$ 7,959,398	\$ 2,481,165	\$ 11,114,275	\$ 23,858,222
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 134,281	\$ 265,289	\$ 95,655	\$ 4,441
Accrued salaries and benefits	259,117	4,263	-	-
Other accrued liabilities	274,308	-	-	-
Deposits payable	2,170	-	-	-
Retention payable	-	-	233,533	-
Due to other funds	154,617	-	18,591,390	-
Advances from other funds	-	-	10,792,218	-
Deferred revenue	865,158	-	998,703	-
Unearned revenue	111,869	522,154	1,060,953	-
Total Liabilities	1,801,520	791,706	31,772,452	4,441
Fund Balances:				
Nonspendable	100,250	-	3,868,061	20,759,255
Restricted	-	1,689,459	5,577,043	3,094,526
Committed	2,524,334	-	-	-
Unassigned	3,533,294	-	(30,103,281)	-
Total Fund Balances	6,157,878	1,689,459	(20,658,177)	23,853,781
Total Liabilities and Fund Balances	\$ 7,959,398	\$ 2,481,165	\$ 11,114,275	\$ 23,858,222

The notes to the basic financial statements are an integral part of this statement.

Special Assessment Districts	Other Governmental Funds	Totals
\$ 8,193,544	\$ 9,770,567	\$ 31,748,000
-	(3,921)	1,845,988
898	2,114	6,253
147,903	1,236,899	2,878,601
113	4,301	2,147,966
-	270,469	4,444,190
-	6,152,553	23,231,021
-	-	15,794
-	47,299	145,485
-	2,298,490	6,829,845
-	3,302,489	3,543,635
-	3,410,969	3,410,969
<u>\$ 8,342,458</u>	<u>\$ 26,492,229</u>	<u>\$ 80,247,747</u>

\$ 136,476	\$ 685,452	\$ 1,321,594
6,443	52,126	321,949
37,626	82,170	394,104
-	485,011	487,181
-	30,447	263,980
-	1,533,836	20,279,843
-	-	10,792,218
-	22,349	1,886,210
-	1,771,668	3,466,644
<u>180,545</u>	<u>4,663,059</u>	<u>39,213,723</u>

-	8,387,390	33,114,956
8,161,913	14,857,758	33,380,699
-	-	2,524,334
-	(1,415,978)	(27,985,965)
<u>8,161,913</u>	<u>21,829,170</u>	<u>41,034,024</u>
<u>\$ 8,342,458</u>	<u>\$ 26,492,229</u>	<u>\$ 80,247,747</u>

CITY OF LINCOLN
Reconciliation of the Governmental Funds Balance
Sheet to the Government-Wide Statement of
Net Assets - Governmental Activities
June 30, 2012

Total Fund Balance - Total Governmental Funds	\$ 41,034,024
Amounts reported for governmental activities in the statement of net assets are different because:	
Deferred charges in governmental activities are not financial resources and therefore are not reported in the funds.	553,338
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	347,164,382
Other long-term assets are not available to pay for current period expenditures and therefore, are not reported in the funds or are reported as deferred in the governmental funds. Deferred revenue	1,886,210
Interest payable on long-term debt does not require the use of current financial resources and therefore, is not accrued as a liability in the governmental funds balance sheets.	(430,917)
Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds. Bonds payable Compensated absences Net OPEB obligation	(22,120,687) (1,013,155) (2,444,056)
Internal service funds are used by management to charge the cost of certain activities, such as insurance and equipment maintenance and operations, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net assets.	182,874
Net Assets of Governmental Activities	<u><u>\$ 364,812,013</u></u>

The notes to the basic financial statements are an integral part of this statement.

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CITY OF LINCOLN
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

	General Fund	Street Fund	Public Facility Element (PFE)	Water Connections
REVENUES				
Taxes	\$ 10,425,512	\$ -	\$ -	\$ -
Special assessments	-	-	-	-
Licenses and permits	133,622	-	-	-
Fines and forfeitures	100,522	-	-	-
Use of money and property	67,006	8,802	90,577	302,330
Intergovernmental	123,240	1,646,880	1,428,531	-
Charges for services	956,339	-	1,066,651	-
Other revenues	324,194	70,240	-	-
Total Revenues	12,130,435	1,725,922	2,585,759	302,330
EXPENDITURES				
Current:				
General government	2,249,529	-	-	-
Public safety	8,378,080	-	-	-
Public works and facilities	274,912	2,670,032	4,597	-
Culture and recreation	571,875	-	-	-
Urban redevelopment and housing	-	-	-	-
Education	440,276	-	50,051	-
Debt service:				
Principal	-	-	-	-
Interest and other charges	-	-	40,376	-
Capital outlay	-	23,982	438,499	32,830
Total Expenditures	11,914,672	2,694,014	533,523	32,830
Excess of Revenues Over (Under) Expenditures	215,763	(968,092)	2,052,236	269,500
OTHER FINANCING SOURCES (USES)				
Transfers in	317,773	225,665	-	1,541,964
Transfers out	(203,283)	(39,186)	(410,149)	(12,255)
Total Other Financing Sources (Uses)	114,490	186,479	(410,149)	1,529,709
Extraordinary gain (loss)	-	-	-	-
Net Change in Fund Balances	330,253	(781,613)	1,642,087	1,799,209
Fund Balances - Beginning	5,827,625	2,471,072	(22,635,975)	22,054,572
Prior period adjustment	-	-	335,711	-
Fund Balances - Beginning, Restated	5,827,625	2,471,072	(22,300,264)	22,054,572
Fund Balances - Ending	\$ 6,157,878	\$ 1,689,459	\$ (20,658,177)	\$ 23,853,781

The notes to the basic financial statements are an integral part of this statement.

Special Assessment Districts	Other Governmental Funds	Totals
\$ -	\$ 1,077,032	\$ 11,502,544
2,991,852	-	2,991,852
-	522,125	655,747
-	14,563	115,085
77,742	259,390	805,847
-	3,095,914	6,294,565
-	453,792	2,476,782
3,956	80,139	478,529
<u>3,073,550</u>	<u>5,502,955</u>	<u>25,320,951</u>
28,148	271,579	2,549,256
-	99,962	8,478,042
1,709,993	3,031,480	7,691,014
-	-	571,875
-	144,653	144,653
-	-	490,327
-	-	-
-	1,180,000	1,180,000
-	1,514,633	1,555,009
5,908	1,590,113	2,091,332
<u>1,744,049</u>	<u>7,832,420</u>	<u>24,751,508</u>
<u>1,329,501</u>	<u>(2,329,465)</u>	<u>569,443</u>
201,044	2,644,550	4,930,996
(224,781)	(1,845,705)	(2,735,359)
<u>(23,737)</u>	<u>798,845</u>	<u>2,195,637</u>
-	(6,553,877)	(6,553,877)
<u>1,305,764</u>	<u>(8,084,497)</u>	<u>(3,788,797)</u>
6,856,149	43,336,842	57,910,285
-	(13,423,175)	(13,087,464)
<u>6,856,149</u>	<u>29,913,667</u>	<u>44,822,821</u>
<u>\$ 8,161,913</u>	<u>\$ 21,829,170</u>	<u>\$ 41,034,024</u>

CITY OF LINCOLN
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Government-Wide Statement of Activities - Governmental Activities
For the Year Ended June 30, 2012

Net Change in Fund Balances - Total Governmental Funds \$ (3,788,797)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for capital outlay	2,091,332
Less: current year depreciation	(2,928,488)
Various adjustments affecting capital assets (including sales and capital contribution)	19,193
Extraordinary loss as a result of transfer of assets to successor agency	(1,203,910)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Principal retirements	1,180,000
Extraordinary gain as a result of transfer of debt to successor agency	12,087,430

Some revenues reported in the statement of activities will not be collected for several months after the City's year end and do not provide current financial resources and therefore are not reported as revenues in the governmental funds.

Change in deferred revenue	(1,240,104)
----------------------------	-------------

Some expenses reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Change in compensated absences payable	328,925
Change in net OPEB obligation	(711,284)
Change in accrued interest payable	195,974
Amortization of bond premium	841
Amortization of bond discount	(3,449)
Amortization of deferred charges	(27,685)

Internal service funds are used by management to charge the cost of certain activities, such as insurance and equipment maintenance and operations, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

8,201

Change in Net Assets of Governmental Activities	\$ 6,008,179
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The notes to the basic financial statements are an integral part of this statement.

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CITY OF LINCOLN
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Business-Type Activities - Enterprise Funds			
	Water	Wastewater Operations	Solid Waste	Airport
ASSETS				
Current Assets:				
Cash and investments	\$ 10,028,427	\$ 1,620,614	\$ 6,735,503	\$ -
Accounts receivable (net of allowance)	1,868,826	1,005,056	668,374	66,252
Interest receivable	1,455	2,147	743	-
Taxes receivable	-	-	-	3,677
Due from other governments	422	32,021	369	2,528
Due from other agencies	-	296,060	-	-
Due from other funds	1,745,846	5,516	14,086	-
Prepaid costs	-	261,946	-	-
Investment in JPA	6,652	3,187	3,279	3,792
Inventory	-	-	-	48,386
Advances to other funds	-	-	4,641,461	-
Total Current Assets	13,651,628	3,226,547	12,063,815	124,635
Noncurrent Assets:				
Restricted cash and investments	473	175	-	-
Capital assets:				
Non-depreciable	30,190,184	59,672,451	42,260	4,484,467
Depreciable, net	141,757	1,302,839	2,042,266	5,057,203
Total Noncurrent Assets	30,332,414	60,975,465	2,084,526	9,541,670
Total Assets	43,984,042	64,202,012	14,148,341	9,666,305
LIABILITIES				
Current Liabilities:				
Accounts payable	716,565	686,822	243,798	132,644
Accrued salaries and benefits	30,999	17,647	37,539	7,163
Accrued interest payable	2,025	9,990	-	20,463
Deposits payable	66,000	-	-	25,545
Due to other governmental agencies	-	132,050	-	-
Due to other funds	-	-	-	4,735,006
Unearned revenue	56,994	51,337	119,128	-
Compensated absences payable	23,752	10,987	13,523	5,156
Capital leases payable	-	-	-	80,673
Bonds payable	30,000	140,000	-	10,000
Loans payable	20,629	-	-	-
Postclosure	-	-	126,177	-
Total Current Liabilities	\$ 946,964	\$ 1,048,833	\$ 540,165	\$ 5,016,650

The notes to the basic financial statements are an integral part of this statement.

Other Enterprise Funds	Totals	Governmental Activities
		Internal Service Fund
\$ 52,936	\$ 18,437,480	\$ 345,928
140	3,608,648	263
6	4,351	120
-	3,677	-
1,011,397	1,046,737	10,480
-	296,060	-
10,182	1,775,630	451,901
-	261,946	-
64	16,974	(1,857)
-	48,386	-
-	4,641,461	-
1,074,725	30,141,350	806,835
-	648	-
-	94,389,362	-
776,237	9,320,302	58,057
776,237	103,710,312	58,057
1,850,962	133,851,662	864,892
53,877	1,833,706	288,337
15,215	108,563	80,779
-	32,478	-
-	91,545	-
-	132,050	-
443,703	5,178,709	-
-	227,459	-
4,956	58,374	58,223
-	80,673	-
-	180,000	-
-	20,629	-
-	126,177	-
\$ 517,751	\$ 8,070,363	\$ 427,339

CITY OF LINCOLN
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Business-Type Activities - Enterprise Funds			
	Water	Wastewater Operations	Solid Waste	Airport
LIABILITIES (CONTINUED)				
Noncurrent Liabilities:				
Advances from other funds	\$ -	\$ 679,088	\$ -	\$ -
Compensated absences payable	98,274	46,418	58,021	21,199
Capital leases payable	-	-	-	1,800,232
Bonds payable	50,000	360,000	-	-
Loans payable	84,716	-	-	-
Postclosure	-	-	1,357,472	-
Net OPEB obligation	388,437	214,206	379,427	87,730
Total Noncurrent Liabilities	621,427	1,299,712	1,794,920	1,909,161
Total Liabilities	1,568,391	2,348,545	2,335,085	6,925,811
NET ASSETS				
Invested in capital assets, net of related debt	30,146,596	60,475,290	2,084,526	7,650,765
Unrestricted	12,269,055	1,378,177	9,728,730	(4,910,271)
Total Net Assets	\$ 42,415,651	\$ 61,853,467	\$ 11,813,256	\$ 2,740,494

The notes to the basic financial statements are an integral part of this statement.

Other Enterprise Funds	Totals	Governmental Activities
		Internal Service Fund
\$ -	\$ 679,088	\$ -
21,649	245,561	254,679
-	1,800,232	-
-	410,000	-
-	84,716	-
-	1,357,472	-
166,729	1,236,529	-
188,378	5,813,598	254,679
706,129	13,883,961	682,018
776,237	101,133,414	58,057
368,596	18,834,287	124,817
<u>\$ 1,144,833</u>	<u>\$ 119,967,701</u>	<u>\$ 182,874</u>

CITY OF LINCOLN
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2012

	Business-Type Activities - Enterprise Funds			
	Water	Wastewater Operations	Solid Waste	Airport
OPERATING REVENUES				
Charges for services	\$ 9,409,929	\$ 7,220,646	\$ 4,804,756	\$ 1,449,562
Connection fees	1,590,489	197	43,645	-
Other revenues	11,194	13,380	36,702	1,200
Total Operating Revenues	11,011,612	7,234,223	4,885,103	1,450,762
OPERATING EXPENSES				
Salaries and benefits	1,096,302	654,900	1,389,963	257,228
Services and supplies	6,111,298	3,838,365	2,030,266	1,022,528
Support services	574,063	393,773	692,812	108,100
Depreciation	28,121	235,214	256,510	339,783
Total Operating Expenses	7,809,784	5,122,252	4,369,551	1,727,639
Operating Income (Loss)	3,201,828	2,111,971	515,552	(276,877)
NONOPERATING REVENUES (EXPENSES)				
Taxes	-	-	-	43,204
Intergovernmental	83,439	32,693	13,510	606
Interest income	121,118	87,146	73,364	32
Other non-operating revenues	51,888	88,204	-	6,712
Interest expense	(11,326)	(21,807)	-	(91,019)
Total Nonoperating Revenues (Expenses)	245,119	186,236	86,874	(40,465)
Income (Loss) before Contributions and Transfers	3,446,947	2,298,207	602,426	(317,342)
Capital connection fees	334,233	130,140	78,816	-
Transfers in	787,000	393,380	480,000	-
Transfers out	(2,524,802)	(505,985)	(696,827)	(32,280)
Change in Net Assets	2,043,378	2,315,742	464,415	(349,622)
Total Net Assets - Beginning	40,372,273	59,537,725	12,933,961	3,090,116
Prior period adjustment	-	-	(1,585,120)	-
Total Net Assets - Beginning, Restated	40,372,273	59,537,725	11,348,841	3,090,116
Total Net Assets - Ending	\$ 42,415,651	\$ 61,853,467	\$ 11,813,256	\$ 2,740,494

The notes to the basic financial statements are an integral part of this statement.

Other Enterprise Funds	Totals	Governmental Activities
		Internal Service Fund
\$ 51,090	\$ 22,935,983	\$ 4,641,539
-	1,634,331	-
561	63,037	(3,969)
51,651	24,633,351	4,637,570
504,824	3,903,217	2,471,198
207,966	13,210,423	2,177,261
167,415	1,936,163	-
59,390	919,018	19,319
939,595	19,968,821	4,667,778
(887,944)	4,664,530	(30,208)
-	43,204	-
1,012,343	1,142,591	32,519
626	282,286	5,890
-	146,804	-
-	(124,152)	-
1,012,969	1,490,733	38,409
125,025	6,155,263	8,201
-	543,189	-
-	1,660,380	-
(96,123)	(3,856,017)	-
28,902	4,502,815	8,201
1,115,931	117,050,006	174,673
-	(1,585,120)	-
1,115,931	115,464,886	174,673
\$ 1,144,833	\$ 119,967,701	\$ 182,874

CITY OF LINCOLN
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012

	Business-Type Activities - Enterprise Funds			
	Water	Wastewater Operations	Solid Waste	Airport
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 10,379,005	\$ 7,120,629	\$ 4,843,317	\$ 1,411,648
Payments to suppliers	(6,914,812)	(3,518,433)	(2,780,738)	(1,098,109)
Payments to employees	(916,585)	(551,515)	(1,209,838)	(223,394)
Net Cash Provided (Used) by Operating Activities	2,547,608	3,050,681	852,741	90,145
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Taxes received	-	-	-	43,392
Intergovernmental revenues received	83,017	672	19,222	(1,922)
Other revenues received	51,888	88,204	-	6,712
Transfers from other funds	787,000	393,380	480,000	-
Transfers to other funds	(2,524,802)	(505,985)	(696,827)	(32,280)
Interfund loan repayments received	2,852,187	-	772,631	-
Interfund loans made	-	(6,997,024)	(17,364)	-
Interfund loans received	-	3,992,941	-	136,973
Interfund loans repaid	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	1,249,290	(3,027,812)	557,662	152,875
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Connection fees received	334,233	130,140	78,816	-
Acquisition of capital assets	(38,577)	(210,355)	(208,953)	(59,078)
Principal paid on capital debt	(59,235)	(150,000)	-	(91,963)
Interest paid on capital debt	(12,141)	(24,803)	-	(92,112)
Net Cash Provided (Used) for Capital and Related Financing Activities	224,280	(255,018)	(130,137)	(243,153)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	158,411	108,953	94,996	33
Net Cash Provided (Used) by Investing Activities	158,411	108,953	94,996	33
Net Increase (Decrease) in Cash and Cash Equivalents	4,179,589	(123,196)	1,375,262	(100)
Balances - Beginning of the Year	5,849,311	1,743,985	5,360,241	100
Balances - End of the Year	\$ 10,028,900	\$ 1,620,789	\$ 6,735,503	\$ -

The notes to the basic financial statements are an integral part of this statement.

Other Enterprise Funds	Totals	Governmental Activities
		Internal Service Fund
\$ 53,377	\$ 23,807,976	\$ 4,646,841
(315,574)	(14,627,666)	(2,027,843)
(423,864)	(3,325,196)	(2,508,433)
(686,061)	5,855,114	110,565
-	43,392	-
1,134,626	1,235,615	22,039
-	146,804	-
-	1,660,380	-
(96,123)	(3,856,017)	-
-	3,624,818	-
(10,182)	(7,024,570)	(451,901)
-	4,129,914	-
(343,014)	(343,014)	-
685,307	(382,678)	(429,862)
-	543,189	-
-	(516,963)	-
-	(301,198)	-
-	(129,056)	-
-	(404,028)	-
817	363,210	11,631
817	363,210	11,631
63	5,431,618	(307,666)
52,873	13,006,510	653,594
<u>\$ 52,936</u>	<u>\$ 18,438,128</u>	<u>\$ 345,928</u>

CITY OF LINCOLN
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012

	Business-Type Activities - Enterprise Funds			
	Water	Wastewater Operations	Solid Waste	Airport
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 3,201,828	\$ 2,111,971	\$ 515,552	\$ (276,877)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	28,121	235,214	256,510	339,783
Write-off of construction in progress	-	-	-	-
Decrease (Increase) in:				
Accounts receivable	(598,345)	(23,465)	(44,298)	(43,384)
Prepaid costs	11,930	499,376	9,651	5,247
Investment in JPA	(6,652)	(3,187)	(3,279)	(3,792)
Inventory	-	-	-	30,400
Increase (Decrease) in:				
Accounts payable	(234,729)	167,516	37,439	664
Accrued salaries and benefits	9,275	5,700	10,692	1,912
Other accrued liabilities	-	(82,050)	-	-
Deposits payable	(9,770)	-	-	4,270
Due to other governmental agencies	-	132,050	-	-
Unearned revenue	(24,492)	(90,129)	2,512	-
Compensated absences payable	18,962	11,876	21,794	(10)
Postclosure	-	-	(101,471)	-
Net OPEB obligation	151,480	85,809	147,639	31,932
Net Cash Provided (Used) by Operating Activities	\$ 2,547,608	\$ 3,050,681	\$ 852,741	\$ 90,145
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Write-off of construction in progress	\$ -	\$ -	\$ -	\$ -

The notes to the basic financial statements are an integral part of this statement.

Other Enterprise Funds	Totals	Governmental Activities
		Internal Service Fund
\$ (887,944)	\$ 4,664,530	\$ (30,208)
59,390	919,018	19,319
9,531	9,531	-
1,726	(707,766)	9,271
2,329	528,533	18,857
-	(16,910)	-
-	30,400	-
47,947	18,837	130,561
5,290	32,869	(12,819)
-	(82,050)	-
-	(5,500)	-
-	132,050	-
-	(112,109)	-
5,921	58,543	(24,416)
-	(101,471)	-
69,749	486,609	-
<u>\$ (686,061)</u>	<u>\$ 5,855,114</u>	<u>\$ 110,565</u>

\$ 9,531	\$ 9,531	\$ -
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CITY OF LINCOLN
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash and investments	\$ 1,962,436	\$ 26,747,009
Interest receivable	233	5,075
Special assessments receivable	-	436,413
Investment in JPA	3,061	-
Advances to other funds	879,389	-
Deferred charges	389,015	-
Restricted cash and investments	2,112,059	28,178,101
Loans receivable	7,393,394	-
Capital assets:		
Non-depreciable	1,038,800	-
Depreciable, net	160,617	-
Total Assets	13,939,004	55,366,598
LIABILITIES		
Accounts payable	300	1,521,744
Interest payable	178,683	-
Other accrued liabilities	-	7,108
Deposits payable	4,414	164,026
Advances from other funds	879,389	-
Due to other agencies	4,469,781	270,469
Due to property owners	-	30,510,762
Unearned revenue	-	536,365
Agency obligations	-	22,356,124
Long-term liabilities:		
Due within one year	539,924	-
Due in more than one year	11,981,856	-
Total Liabilities	18,054,347	55,366,598
NET ASSETS		
Net assets held in trust	(4,115,343)	-
Total Net Assets	\$ (4,115,343)	\$ -

The notes to the basic financial statements are an integral part of this statement.

CITY OF LINCOLN
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2012

	Private Purpose Trust Funds
ADDITIONS	
Property taxes	\$ 689,644
Interest and investment income	133,715
Other contributions	7,190
Total Additions	<u>830,549</u>
DEDUCTIONS	
Program expenses	83,885
Interest expense	487,612
Depreciation	4,493
Amortization	40,259
Total Deductions	<u>616,249</u>
Transfers in	192,359
Transfers out	(192,359)
Extraordinary gain (loss)	(4,329,643)
Change in Net Assets	<u>(4,115,343)</u>
Total Net Assets - Beginning	<u>-</u>
Total Net Assets - Ending	<u><u>\$ (4,115,343)</u></u>

The notes to the basic financial statements are an integral part of this statement.

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Basic Financial Statements

- **Notes to Basic Financial Statements**

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CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of City of Lincoln (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The City of Lincoln was incorporated in March 1878 under the laws and regulations of the State of California. The City operates under a City Manager - Council form of government and provides the following services: public safety (Police and Fire), highways and streets, water, sewer, sanitation, airport, culture-recreation, public improvements, planning and zoning and general administrative services.

As required by GAAP, these financial statements present the City and its component units, entities for which the government is considered to be financially accountable.

Reporting for component units on the City's financial statements can be blended or discretely presented. Blended component units are, although legally separate entities, in substance part of the City's operations and, therefore, data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, would be reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

For financial reporting purposes, the City's basic financial statements include all financial activities that are controlled by or are dependent upon actions taken by the City Council.

Component units that are blended into the reporting activity types of the City's report are presented below:

City of Lincoln Redevelopment Agency

The City of Lincoln Redevelopment Agency (the Agency) was formed as a separate legal entity under the Community Redevelopment Law. The City Council acts as the governing board of the Agency in concurrent session. The City Manager acts as the Redevelopment Agency's executive director. The annual budget is approved by the Redevelopment Agency's Board of Directors. The State's redevelopment process provides communities at a local level with a comprehensive tool for economic development. These tools are the powers of land assembly and site preparation for private development, the ability to finance necessary public improvements, the authority to impose conditions and restrictions for the quality of developments of an area, and the capability to broaden financing capabilities utilizing a variety of public and private sources. The major source of financing to undertake redevelopment is a "tax increment." Tax increment is the additional property taxes that are paid on the value of new development within the redevelopment project area. This increment can then be leveraged for financial investments to fund the identified projects. Pursuant to the provisions of the Redevelopment Restructuring Act, the City of Lincoln Redevelopment Agency Successor Agency (Successor Agency) was created, and all of the assets, liabilities, and obligations of the former RDA were transferred to the Successor Agency on February 1, 2012.

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Lincoln Public Financing Authority

The Lincoln Public Financing Authority (the Authority) was formed as a joint powers authority between the City and the former Redevelopment Agency of the City of Lincoln. The purpose of the Lincoln Public Financing Authority was to provide financing of public capital improvements through the acquisition, construction and improvement thereof by the Authority, or the loan of funds to the City or the Agency to enable the City or the Agency to provide for the acquisition construction and improvement of public capital improvements. Separate financial statements are not issued for the Authority.

B. Basis of Presentation

Government-Wide Financial Statements

The statement of net assets and statement of activities display information on all of the nonfiduciary activities of the City, and its blended component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each different identifiable activity of the City's business-type activities and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods and services offered by the program, 2) operating grants and contributions and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

Fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The emphasis is placed on major funds within the governmental and proprietary categories; each is displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The City reports the following major governmental funds:

- The General fund is the primary operating fund of the City. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. For the City, the General Fund includes such activities as public safety, culture and recreation services, public works and facilities, education and economic development services.
- The Street fund is a special revenue fund used to account for revenues and expenditures for street projects. Funding comes primarily from state transportation taxes.
- The Public Facility Element (PFE) Fee fund is a special revenue fund used to account for the fees collected from developers and community services fees for public facilities improvements including, but not limited to, Police, Fire and City administration facilities. Funding comes primarily from developer fees and facility fees.
- The Water Connections fund is a special revenue fund used to account for water connection fees collected from developers and property owners that are required by the California Government Code to be expended for capacity expansion. Funding comes primarily from connection fees and investment earnings.
- The Special Assessment Districts fund is a special revenue fund used to account for resources received to provide improvements and maintenance to public property within the District. Funding comes primarily from special assessments.

The City reports the following major proprietary funds:

- The Water fund is an enterprise fund used to account for the activities of the water operating and non-operating funds of the City of Lincoln's Public Works Department. Activities include accounting for the Lincoln residents water use, water pipeline installation and repairs, and water meter installation and repairs.
- The Wastewater Operations fund is an enterprise fund used to account for the activities of the wastewater operating and non-operating funds of the City of Lincoln's Public Works Department. Activities include wastewater services and repair.
- The Solid Waste fund is an enterprise fund used to account for the activities of the solid waste operating and non-operating funds of the City of Lincoln's Public Works Department. Activities include accounting for the City of Lincoln's residents' solid waste (garbage) services.
- The Airport fund is an enterprise fund used to account for the activities of the publicly owned Lincoln Regional Airport. The airport was established in 1947 as a regional center for general and corporate aviation.

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The City reports the following additional fund types:

- Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs.
- Internal Service funds account for the City's fleet maintenance and insurance programs which provide services to other departments on a cost reimbursement basis.
- The Private Purpose Trust funds account for property held under other trust arrangement under which principal and income benefit individuals, private organizations or other governments. Private purpose trust funds include the Successor Agency to the Redevelopment Agency of the City of Lincoln.
- The Agency funds account for resources held by the City as a trustee or an agent for individuals, private organizations, and other governmental entities. These resources include fees collected on behalf of bonded assessment districts, the Little League organization, preservation of the library, and for the purpose of preserving open space surrounding Markham Ravine area.

C. Basis of Accounting and Measurement Focus

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales tax, grants, entitlements, and donations. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide financial statements for the business-type activities and the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The City has elected not to follow subsequent private-sector guidance.

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting and Measurement Focus (Continued)

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property and sales taxes, interest, certain state and federal grants and charges for services are considered susceptible to accrual and are accrued when their receipt occurs within sixty days after the end of the fiscal year. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in the various functions of the governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise and internal service funds are charges to customers for sales and services. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary funds include trust funds and agency funds. All trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds are reported using the accrual basis of accounting to recognize receivables and payables.

D. Non-Current Governmental Assets/Liabilities

Non-current governmental assets and liabilities, such as capital assets and long-term liabilities, are reported in the governmental activities column in the government-wide statement of net assets.

E. Cash, Cash Equivalents and Investments

The City pools cash and investments of all funds. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. Interest from pooled investments is allocated to the various funds based on average balances of the funds entitled to receive interest. Interest is allocated on the basis of average month end cash balance amounts for each fund as a percentage of the total balance.

Investments are reported in the accompanying balance sheet at fair value which is determined using selected bases annually. Short term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Cash deposits are reported at carrying amount which reasonably estimates fair value. Managed funds not listed on an established market are reported at the estimated fair value as determined by the respective fund managers based on quoted sales prices of the underlying securities.

For purposes of the Statement of Cash Flows, the City considers all highly liquid investments, including restricted cash and investments, with original maturity of three months or less and amounts held in the City's investment pool to be cash and cash equivalents.

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Restricted Cash and Investments

Restricted assets in the governmental funds represents cash and investments held in the General fund for SCIP series 2004 (\$2,758), Public Facility Element (PFE) fund for SCIP series 2007A (\$4,856) and escrow retentions (\$233,532), Community Development Block Grant (CDBG) fund for loans and program income (\$456,909), City Hall Series 2006-1 for debt reserve (\$949,019), Lincoln Public Financing Authority series 2000 for debt reserve (\$474,876), Lincoln Public Financing Authority Series 2003 for debt reserve (\$720,736), Lincoln Public Financing Authority City Hall Series 2006 for capital improvements (\$508,472), Lincoln Public Financing Authority Series 2003 for capital improvements (\$176,225), and in the Brookview Open Space Maintenance Trust for maintenance (\$16,252). Restricted assets in the proprietary funds represent cash and investments held in the water fund for SCIP Series 2007A (\$473) and in the Wastewater Operations fund for SCIP Series 2007A (\$175). Restricted assets in the private purpose trust funds represents cash and investments held for debt service and capital projects (\$2,112,059). Restricted assets held in the agency funds represents cash and investments held for capital projects and debt service (\$28,178,101).

G. Receivables

Accounts Receivable

In the government-wide and proprietary fund financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Governmental activities accounts receivable are shown net of allowance for doubtful accounts of \$1,001,947. Major receivable balances for the governmental activities include taxes, amounts due from other governments, and interest. Business-type activities are shown net of allowances for doubtful accounts of \$1,043,184. Business-type activities report user fees, amounts due from other governments and interest earnings as their major receivables.

In the fund financial statements, receivables in governmental funds are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with the modified accrual basis, but not deferred in the government-wide financial statements in accordance with the accrual basis.

Proposition 1A Borrowing by the State of California

Under the provisions of Proposition 1A and as part of the 2009-10 budget package passed by the California state legislature on July 28, 2009, the State of California borrowed 8% of the amount of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fee, the triple flip in lieu sales tax, and supplemental property tax, apportioned to cities, counties and special districts (excluding redevelopment agencies). The state is required to repay this borrowing plus interest by June 30, 2013. After repayment of this initial borrowing, the California legislature may consider only one additional borrowing within a ten-year period. The amount of this borrowing pertaining to the City was \$699,814.

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Receivables (Continued)

Proposition 1A Borrowing by the State of California (Continued)

The borrowing by the State of California is recognized as a receivable in the accompanying financial statements and is deferred. Under the modified accrual basis of accounting, the borrowed tax revenues are not recognized as revenue in the government fund financial statements until the tax revenues are available. In the government-wide financial statements, the tax revenues were recognized in the fiscal year for which they were levied (fiscal year 2009-10).

H. Due from Other Agencies

The following is a summary of amounts included in Due From Other Agencies as of June 30, 2012:

Due From Agency Funds - the City of Lincoln Oak Tree Mitigation special revenue fund advanced the agency funds \$270,469. The balance at June 30, 2012 was \$270,469 for governmental activities.

Due from Successor Agency to the Redevelopment Agency of the City of Lincoln - the City of Lincoln Water Connections special revenue fund advanced the former Redevelopment Agency \$4,173,721 and the Wastewater enterprise fund advanced the former Redevelopment Agency \$296,060. When the former Redevelopment Agency was dissolved, the Successor Agency assumed the advances payable. The balance at June 30, 2012 was \$4,173,721 for governmental activities and \$296,060 for business-type activities.

I. Loans Receivable

The following is a summary of the loans receivable outstanding as of June 30, 2012:

Community Development Block Grants (CDBG) Special Revenue Fund - The City has received funding over the years from the California Department of Housing and Community Development for FHA Title 1 and other revolving loans. Notes were issued to borrowers for homebuyers, construction and housing rehabilitation. The notes are secured by first deeds of trust. The notes have various monthly installment amounts and due dates. Interest rates vary depending on the term of the loan. The balances at June 30, 2012 was \$566,017.

Home Investment Partnership Program Special Revenue Fund - The City made various loans to qualifying participants within the City as part of the Federal First Time Homebuyers Program (HOME), which is an owner occupied housing program. Interest rates vary depending the terms of the loan. The loans are shown net of allowance for doubtful accounts of \$207,534. The notes receivable at June 30, 2012 were \$2,167,330.

Revitalization and Rehabilitation Loan Special Revenue Fund - The City has loaned funds to qualifying individuals. Interest rates vary depending on the terms of the loan. The balance at June 30, 2012 was \$112,170.

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Loans Receivable (Continued)

The following is a summary of the loans receivable outstanding as of June 30, 2012: (Continued)

Other Special Revenue Funds - The City has made a loan to qualifying participants within the City. The interest rate for this loan is 3%. The balance at June 30, 2012 was \$565,452.

J. Other Assets

Inventory

Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed. Records are not maintained of inventory and supplies on hand, although these amounts are not considered material.

Inventories of proprietary funds are stated at average cost. Inventory recorded by proprietary funds includes supplies for the airport. Proprietary fund inventories are recorded as expenses when consumed.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

K. Capital Assets

Capital assets, including public domain (infrastructure such as roads, bridges, sidewalks, sewer, similar items), are defined by the City as an asset with a cost greater than \$5,000 and an estimated useful life of more than one year. Capital assets are recorded at historical or estimated historical cost if actual historical cost is unavailable. Contributed capital assets are recorded at their estimated fair market value at the date of donation.

The City has elected to use the modified approach to report its street and pavement system and all other infrastructure systems. Under the modified approach depreciation is not reported for this system and all expenditures, except for betterments and major improvements made to the system, are expensed.

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets (Continued)

The City uses the Modified Approach as defined by GASB Statement No. 34 for infrastructure reporting of its Street and Pavement System. The City commissioned a physical assessment of the streets' conditions during the 2002/2003 fiscal year. This assessment was to be performed every 3 years, but has not. Each homogeneous segment of the City Pavement Condition Index (PCI) was assigned to each street segment. The index is expressed in a continuous scale for 0 to 100, where 0 is assigned to the least acceptable physical condition and 100 is assigned to segments of street that have the physical characteristics of a new street. The following conditions were defined: excellent physical condition is assigned to segments with a scale rating between 100 and 85, good condition is assigned to segments with a scale rating between 84 and 70, fair condition is assigned to segments with a scale rating between 69 and 55, poor condition is assigned to segments with a scale rating between 40 and 54. The City's policy relative to maintaining the street assets is to achieve a minimum rating of 70 for all street segments. This acceptable rating allows minor cracking and raveling of the pavement along with minor roughness that could be noticeable to drivers traveling at the posted speeds.

While the City also uses the Modified Approach as defined by GASB Statement No. 34 for all other infrastructure systems reporting, the City has not commissioned a physical assessment for the sewer and water systems and therefore is unable to disclose the appropriate required supplemental information for these systems. The City was required by GASB Statement No. 34 to prospectively report its general infrastructure assets beginning with fiscal year 2007. The City has not quantified and recorded the value of developer-constructed infrastructure that has been deeded to the City. Accordingly, amounts for these assets are not reflected in these financial statements. The amount by which the capital assets may be misstated cannot be determined. The City has commissioned an appraisal of its City-owned infrastructure assets.

Capital assets used in operations are depreciated or amortized using the straight-line method over the assets estimated useful life in the government-wide financial statements. The range of estimated useful lives by type of asset is as follows:

<u>Depreciable Asset</u>	<u>Estimated Lives</u>
Building and structures	20-50 years
Machinery and equipment	5-15 years
Land improvements	20 years

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

L. Property Tax

Placer County assesses properties, bills, collects, and distributes property taxes to the City. The County remits the entire amount levied and handles all delinquencies, retaining interest and penalties.

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Property Tax (Continued)

Property taxes are levied on a fiscal year (July 1 - June 30). The secured property tax assessments are due on November 1 and February 1 and become delinquent after December 10 and April 10, respectively. The unsecured property tax assessments are due on August 1 and become delinquent after August 31. Property taxes become a lien on the property effective January 1 of the preceding year.

The City recognizes property taxes when the individual installments are due provided they are collected within 60 days after year-end.

M. Interfund Transactions

Interfund transactions are reflected as either loans, services provided or used, reimbursements or transfers.

Loans reported as receivables and payables are referred to as either “due to/from other funds” (i.e. the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans) as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.” Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not in spendable form.

Services provided or used, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. These services provide information on the net cost of each government function and therefore are not eliminated in the process of preparing the government-wide statement of activities.

Reimbursements occur when the funds responsible for particular expenditures or expenses repay the funds that initially paid for them. Such reimbursements are reflected as expenditures or expenses in the reimbursing fund and reductions to expenditures or expenses in the reimbursed fund.

All other interfund transactions are treated as transfers. Transfers between funds are netted as part of the reconciliation to the government-wide presentation.

N. Unearned Revenue/Deferred Revenue

Unearned revenue is recorded for assets recognized in connection with a transaction before the earnings process is complete. Those assets are offset by a corresponding liability for unearned revenue.

Deferred revenue is recorded under the modified accrual basis of accounting when revenue which has been earned during the current period has met the measurable criteria but has not met the available criteria.

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave. Unused vacation and compensatory time off benefits are paid to employees upon termination. For employees with over five years continuous employment, unused sick leave benefits are paid ratably in accordance with the length of service upon termination. In the government-wide financial statements the accrued compensated absences is recorded as an expense and related liability, with the current portion estimated based on historical trends. In the governmental fund financial statements the expenditures and liabilities related to those obligations are recognized only when they mature. In the proprietary funds the accrued compensated absences is recorded as an expense and related liability in the year earned. The City includes its share of social security and medicare taxes payable on behalf of the employees in the accrual for compensated absences.

P. Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Restatement of Net Assets/Fund Balance

Adjustments resulting from errors or a change to comply with provisions of the accounting standards are treated as adjustments to prior periods. Accordingly, the City reports these changes as restatements of beginning net assets/fund balance. During the current year adjustments were required to correct a prior year misstatement of capital assets, allowance for doubtful accounts and deferred revenue, and record the post-closure liability. The allowance for doubtful accounts adjustment was to recognize revenue for an item that was written off in the prior year and record an allowance in the governmental funds. The deferred revenue adjustment was to recognize the revenue related to loans receivable and properly classify that portion of fund balance as restricted. In addition, during the current year the City analyzed several capital projects funds and determined they would be more correctly classified as agency funds.

The impact of the restatements on the net assets on the government-wide financial statements as previously reported is presented below:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net Assets, June 30, 2011, as previously reported	\$384,218,716	\$ 117,050,006
Adjustment associated with:		
Correction of capital assets	(1,464,638)	-
Correction of allowance for doubtful accounts	160,000	-
Reclassification of funds	(24,110,244)	-
Correction of post-closure liability	<u>-</u>	<u>(1,585,120)</u>
Total Adjustments	<u>(25,414,882)</u>	<u>(1,585,120)</u>
Net Assets, July 1, 2011, as restated	<u><u>\$358,803,834</u></u>	<u><u>\$ 115,464,886</u></u>

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

A. Restatement of Net Assets/Fund Balance (Continued)

The impact of the restatements on the fund balance on the fund financial statements as previously reported is presented below:

	Public Facility Element (PFE)	Other Governmental Funds
Fund Balance, June 30, 2011, as previously reported	(\$ 22,635,975)	\$ 43,336,842
Adjustment associated with:		
Correction of allowance for doubtful accounts	335,711	(207,534)
Elimination of unearned revenue related to loans receivable	-	10,886,424
Reclassification of funds	<u>-</u>	<u>(24,102,065)</u>
Total Adjustments	<u>335,711</u>	<u>(13,423,175)</u>
Fund Balance, July 1, 2011, as restated	<u>(\$ 22,300,264)</u>	<u>\$ 29,913,667</u>

The impact of the restatements on the net assets on the proprietary fund financial statements as previously reported is presented below:

	Solid Waste
Net Assets, June 30, 2011, as previously reported	\$ 12,933,961
Adjustment associated with:	
Correction of post-closure liability	(1,585,120)
Total Adjustments	<u>(1,585,120)</u>
Net Assets, July 1, 2011, as restated	<u>\$ 11,348,841</u>

B. Deficit Fund Balance/Net Assets

The following major special revenue fund had a deficit fund balance:

The Public Financing Element (PFE) fund had a fund balance deficit of \$20,658,177. The negative fund balance in the PFE fund is due to expenditures incurred in prior years for the construction of a fire station, city hall, public works building, regional park and regional retention facility which are all general infrastructure of the City. Developer fees and other revenue sources were not sufficient to pay for these projects, which caused the PFE fund to have a negative fund balance. The City is currently performing a Public Facility Element update which will take into consideration the negative balance in the PFE fund. The City is also reviewing other funding sources it can use to balance the PFE fund.

The following non-major special revenue fund had a deficit fund balance:

The Parks and Recreation Tax fund had a fund balance deficit of \$23,125, which is expected to be eliminated in the future through tax revenues.

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

C. Rebatable Arbitrage

The Tax Reform act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax exempt bond proceeds at as interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. The City does not expect to incur a liability for rebatable arbitrage at June 30, 2012.

D. Extraordinary Gain/Loss

The City has reflected the transfer of the assets and liabilities of the former redevelopment agency from governmental funds of the City to fiduciary funds as an extraordinary gain/loss since this transaction is both unusual in nature and infrequent in occurrence. This transaction is discussed in Footnote 15 B.

NOTE 3: CASH AND INVESTMENTS

A. Financial Statement Presentation

As of June 30, 2012, the City's cash and investments are reported in the financial statements as follows:

Governmental activities	\$ 35,637,563
Business type activities	18,438,128
Fiduciary funds	<u>58,999,605</u>
Total Cash and Investments	<u><u>\$113,075,296</u></u>

As of June 30, 2012, the City's cash and investments consisted of the following:

Cash:	
Cash on hand	\$ 2,250
Deposits (less outstanding checks)	<u>46,125,464</u>
Total Cash	<u>46,127,714</u>
Investments:	
In City's pool	<u>66,947,582</u>
Total Investments	<u>66,947,582</u>
Total Cash and Investments	<u><u>\$113,075,296</u></u>

B. Cash

At year end, the carrying amount of the City's cash deposits (including amount in checking accounts and money market accounts) was \$46,125,464 and the bank balance was \$46,692,739. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. In addition the City had cash on hand of \$2,250.

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

B. Cash (Continued)

Custodial Credit Risk for Deposits - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The City's investment policy requires that deposits in banks must meet the requirements of the California Government Code. Under this code, interest bearing deposits of more than \$250,000 must be collateralized at 105 percent to 150 percent of the value of the deposit to guarantee the safety of the public funds. The first \$250,000 of the City's deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Deposits more than the \$250,000 insured amount are collateralized. The City's investment policy does not further limits its deposits.

C. Investments

Under the provisions of the City's investment policy and the California Government Code, the City may invest or deposit in the following:

- Banker's Acceptances
- Commercial paper
- Local Agency Investment Fund (LAIF)
- Mutual funds
- Medium-term corporate notes
- Money market funds
- Negotiable certificates of deposit
- Repurchase agreements / Reverse repurchase agreements
- Securities of the Federal government or its agencies

Interest Rate Risk - Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The City limits its exposure to interest rate risk inherent in its portfolio by limiting individual maturities to 5 years or less.

As of June 30, 2012, the City had the following investments, all of which had a maturity of 5 years or less:

Investment Type	Interest Rates	Maturities		Fair Value	Weighted Average Maturity (Years)
		0-1 year	1-5 years		
Government Agency Securities	0.00-5.75%	\$ 4,634,754	\$26,469,944	\$ 31,104,698	2.87
Corporate Bonds	2.125-5.90%	2,279,166	16,205,743	18,484,909	2.61
Certificates of Deposit	1.00%	-	201,738	201,738	2.61
Local Agency Investment Fund (LAIF)	Variable	17,156,237	-	17,156,237	-
Total		<u>\$24,070,157</u>	<u>\$42,877,425</u>	<u>\$66,947,582</u>	<u>2.06</u>

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code or the City's investment policy, and the actual rating as of year end for each investment type.

Investment Type	Minimum Legal Rating	Standard & Poor's Rating	Moody's Rating	% of Portfolio
Farmer Mac	N/A	Unrated	Unrated	3.15%
Federal Farm Credit Bank	N/A	AA+	AAA	3.80%
Federal Home Loan Bank	N/A	AA-	A2	2.76%
Federal Home Loan Bank	N/A	AA+	AAA	10.92%
Federal Home Loan Mortgage	N/A	A	AA2	.51%
Federal Home Loan Mortgage	N/A	AA+	AAA	6.30%
Federal Home Loan Mortgage Med Term Note	N/A	AA+	AAA	1.51%
Federal National Mortgage Assoc.	N/A	AA+	AAA	16.70%
Resolution FDG Corp Int Pmt.	N/A	Unrated	Unrated	.81%
Corporate Securities	A	AA+	A1	3.97%
Corporate Securities	A	A	A2	2.57%
Corporate Securities	A	A+	A2	1.55%
Corporate Securities	A	A-	A2	1.53%
Corporate Securities	A	A	A2(-)	1.48%
Corporate Securities	A	A	A3	1.55%
Corporate Securities	A	A-	A3	5.62%
Corporate Securities	A	BBB+	A3	.76%
Corporate Securities	A	AA+	AA2	1.59%
Corporate Securities	A	A-	BAA1	3.03%
Corporate Securities	A	BBB+	BAA1	.40%
Corporate Securities	A	A-	BAA2	3.21%
Corporate Securities	A	(1)		.34%
Negotiable CD's	A	Unrated	Unrated	.30%
LAIF	N/A	Unrated	Unrated	25.64%
Total				<u>100.00%</u>

- (1) Investment in Lehman Brothers. Corporation filed for bankruptcy in 2008 and rating was withdrawn. This investment matures January 24, 2013. The face value is \$1,000,000 and the estimated fair value is \$228,750.

Custodial Credit Risk for Investments - Custodial credit risk for investments is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or collateral securities that are in the possession of an outside party. To mitigate the custodial credit risk the City requires that all of its managed investments be held in the name of the City. At June 30, 2012, the City's investment pool had no securities exposed to custodial credit risk.

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. State law and the investment policy of the City contain limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) at June 30, 2012, that represent 5 percent or more of total City investments are as follows:

<u>Investment Type</u>	<u>Amount Invested</u>	<u>Percentage of Investments</u>
Federal Home Loan Bank	\$ 9,157,862	13.68%
Federal Home Loan Mortgage	4,562,212	6.81%
Federal National Mortgage Association	11,177,614	16.70%

D. Investment in External Investment Pools

Investment in Local Agency Investment Fund - The City of Lincoln is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code and is managed by the Treasurer of the State of California. The Local Investment Advisory Board (LAIF Board) has oversight responsibility for LAIF. The LAIF Board consists of five members as designated by State statute. Investments in LAIF are available on demand and are stated at amortized cost, which approximates fair value. The fair value of the City's position in the pool is the same as the value of the pooled shares. At June 30, 2012 the City's investment position in LAIF was \$17,156,237. The total amount invested by all public agencies in LAIF on that day was \$60,588,263,603. Of that amount, 96.53% is invested in non-derivative financial products and 3.47% in structured notes and asset-backed securities.

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2012, was as follows:

	Balance July 1, 2011	Additions	Retirements	Transfers/ Adjustments	Balance June 30, 2012
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 11,196,155	\$ -	\$ -	(\$ 1,038,800)	\$ 10,157,355
Infrastructure, modified approach	100,914,368	-	-	796,882	101,711,250
Construction in progress	158,002,648	2,081,291	-	(5,837,580)	154,246,359
Total Capital Assets, Not Being Depreciated	<u>270,113,171</u>	<u>2,081,291</u>	<u>-</u>	<u>(6,079,498)</u>	<u>266,114,964</u>
Capital assets, being depreciated:					
Building and improvements	68,773,611	-	-	(179,707)	68,593,904
Machinery and equipment	7,315,048	29,234	(42,303)	888,483	8,190,462
Land improvements	16,701,651	-	-	2,675,735	19,377,386
Total Capital Assets, Being Depreciated	<u>92,790,310</u>	<u>29,234</u>	<u>(42,303)</u>	<u>3,384,511</u>	<u>96,161,752</u>
Less accumulated depreciation for:					
Buildings and improvements	(5,458,538)	(1,688,383)	-	22,745	(7,124,176)
Machinery and equipment	(5,472,890)	(406,627)	42,303	3,695	(5,833,519)
Land improvements	(1,243,785)	(852,797)	-	-	(2,096,582)
Total Accumulated Depreciation	<u>(12,175,213)</u>	<u>(2,947,807)</u>	<u>42,303</u>	<u>26,440</u>	<u>(15,054,277)</u>
Total Capital Assets, Being Depreciated, Net	<u>80,615,097</u>	<u>(2,918,573)</u>	<u>\$ -</u>	<u>3,410,951</u>	<u>81,107,475</u>
Governmental Activities Capital Assets, Net	<u>\$350,728,268</u>	<u>(\$ 837,282)</u>	<u>\$ -</u>	<u>(\$ 2,668,547)</u>	<u>\$ 347,222,439</u>

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 4: CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2011	Additions	Retirements	Adjustments	Balance June 30, 2012
Business-Type Activities					
Capital assets, not being depreciated:					
Land	\$ 1,699,900	\$ -	\$ -	\$ -	\$ 1,699,900
Infrastructure, modified approach	59,934,299	-	-	13,645,196	73,579,495
Construction in progress	<u>32,498,882</u>	<u>265,813</u>	<u>-</u>	<u>(13,654,728)</u>	<u>19,109,967</u>
Total Capital Assets, Not Being Depreciated	<u>94,133,081</u>	<u>265,813</u>	<u>-</u>	<u>(9,532)</u>	<u>94,389,362</u>
Capital assets, being depreciated:					
Building and improvements	15,573,116	-	-	-	15,573,116
Machinery and equipment	7,908,722	251,148	(153,872)	-	8,005,998
Land improvements	<u>418,631</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>418,631</u>
Total Capital Assets, Being Depreciated	<u>23,900,469</u>	<u>251,148</u>	<u>(153,872)</u>	<u>-</u>	<u>23,997,745</u>
Less accumulated depreciation for:					
Buildings and improvements	(8,954,365)	(479,161)	-	20	(9,433,506)
Machinery and equipment	(4,891,244)	(418,925)	153,872	(20)	(5,156,317)
Land improvements	<u>(66,688)</u>	<u>(20,932)</u>	<u>-</u>	<u>-</u>	<u>(87,620)</u>
Total Accumulated Depreciation	<u>(13,912,297)</u>	<u>(919,018)</u>	<u>153,872</u>	<u>-</u>	<u>(14,677,443)</u>
Total Capital Assets, Being Depreciated, Net	<u>9,988,172</u>	<u>(667,870)</u>	<u>-</u>	<u>-</u>	<u>9,320,302</u>
Business-Type Activities Capital Assets, Net	<u><u>\$104,121,253</u></u>	<u><u>(\$ 402,057)</u></u>	<u><u>\$ -</u></u>	<u><u>(\$ 9,532)</u></u>	<u><u>\$103,709,664</u></u>

Depreciation

Depreciation expense was charged to governmental functions as follows:

Public safety	\$ 236,022
Public works and facilities	2,657,473
Culture and recreation	600
Urban redevelopment and housing	<u>34,393</u>
Subtotal – Governmental Funds	2,928,488

Depreciation on capital assets held by the City's internal service fund are charged to the various functions based on their usage of the assets	<u>19,319</u>
Total Depreciation Expense - Governmental Functions	<u><u>\$ 2,947,807</u></u>

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 4: CAPITAL ASSETS (CONTINUED)

Depreciation (Continued)

Depreciation expense was charged to the business-type functions as follows:

Water	\$ 28,121
Wastewater Operations	235,214
Solid Waste	256,510
Airport	339,783
Transit	<u>59,390</u>
Total Depreciation Expense – Business-Type Functions	<u><u>\$ 919,018</u></u>

Construction in Progress

Construction in progress for governmental activities relates primarily to work performed on street reconstruction, civic auditorium/cultural arts center, water wells and water storage tanks.

Construction in progress for business-type activities relates primarily to work performed on water wells, water storage tanks, wastewater improvements and airport arrival and departure building.

NOTE 5: INTERFUND TRANSACTIONS

Due To/From Other Funds

During the course of operations, transactions occur between funds to account for goods received or services rendered. These receivables and payables are classified as due from or due to other funds. In addition, when funds overdraw their share of pooled cash, the receivables and payables are also classified as due from or due to other funds. The following are due to and due from balances as of June 30, 2012:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 101,188	\$ 154,617
Public Facility Element (PFE)	-	18,591,390
Water Connections	16,977,280	-
Nonmajor Governmental Funds	6,152,553	1,533,836
Water	1,745,846	-
Wastewater Operations	6,995,916	6,990,400
Solid Waste	14,086	-
Airport	-	4,735,006
Nonmajor Enterprise Funds	10,182	443,703
Internal Service Fund	<u>451,901</u>	<u>-</u>
Total	<u><u>\$32,488,952</u></u>	<u><u>\$ 32,448,952</u></u>

The PFE special revenue fund and the airport enterprise fund have balances due to other funds for which they have not demonstrated the ability to repay within one year of the financial statement date.

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 5: INTERFUND TRANSACTIONS (CONTINUED)

Due To/From Other Funds (Continued)

The liability in the PFE fund is due to expenditures incurred in prior years for the construction of a fire station, city hall, public works building, regional park and regional retention which are all general infrastructure of the City. Developer fees and other revenue sources were not sufficient to pay for these projects.

The liability in the Airport fund is due to expenses incurred for capital assets such as the airport hangars and general operating costs. Operating revenues such as fuel sales, tie downs and lease revenue are not sufficient to fund the general operating costs of the airport operation.

Advances To/From Other Funds

Advances to/from other funds are non-current interfund loans and are offset by a nonspendable fund balance account in applicable governmental funds to indicate they are not in spendable form. The following are advances to/from other funds as of June 30, 2012:

	Advances To Other Funds	Advances From Other Funds
Public Facility Element (PFE)	\$ 3,852,267	\$ 10,792,218
Water Connections	679,088	-
Nonmajor Governmental Funds	2,298,490	-
Wastewater Operations	-	679,088
Solid Waste	4,641,461	-
Total	<u>\$ 11,471,306</u>	<u>\$ 11,471,306</u>

The advances to the PFE fund were made to finance the construction of a fire station, the public works building, regional park and regional retention facility. These loans accrue interest at LAIF rates. The loans are due in fiscal years ending 2016, 2017 and 2018.

The advance to the Wastewater Operations fund was made to pay obligations due to the Water Connections fund. This loan accrues interest at LAIF rates. The loan is due in fiscal year ending 2015.

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 5: INTERFUND TRANSACTIONS (CONTINUED)

Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various City operation and re-allocations of special revenues. The following are the interfund transfers for fiscal year ended June 30, 2012:

	Transfer In	Transfer Out
General Fund	\$ 317,773	\$ 203,283
Streets Fund	225,665	39,186
Public Facility Element (PFE)	-	410,149
Water Connections	1,541,964	12,255
Special Assessment Districts	201,044	224,781
Nonmajor Governmental Funds	2,644,550	1,845,705
Water	787,000	2,524,802
Wastewater Operations	393,380	505,985
Solid Waste	480,000	696,827
Airport	-	32,280
Nonmajor Enterprise Funds	-	96,123
Total	<u>\$ 6,591,376</u>	<u>\$ 6,591,376</u>

NOTE 6: UNEARNED/DEFERRED REVENUE

At June 30, 2012, components of unearned and deferred revenue were as follows:

	Unearned	Deferred	Total
General Fund			
Prop 1A	\$ -	\$ 699,814	\$ 699,814
Sales tax triple flip	-	107,068	107,068
State grant revenue receivable	-	58,276	58,276
Facility fees	94,369	-	94,369
Local grant advance received	17,500	-	17,500
Street Fund			
RSTP Exchange Allocation	407,154	-	407,154
State grant advance received	115,000	-	115,000
Public Facility Element (PFE)			
State, Federal and other agency grant revenue receivable	-	998,703	998,703
Developer Fees	891,123	-	891,123
SCIP 04	169,830	-	169,830
Nonmajor Governmental Funds			
State, Federal and other agency grant revenue receivable	-	22,349	22,349
Developer Fees	1,405,360	-	1,405,360
SCIP 04	1,308	-	1,308
Federal grant advance received	365,000	-	365,000
Water			
Developer fees	3,324	-	3,324
SCIP 04	53,670	-	53,670

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 6: UNEARNED/DEFERRED REVENUE (CONTINUED)

At June 30, 2012, components of unearned and deferred revenue were as follows: (Continued)

	<u>Unearned</u>	<u>Deferred</u>	<u>Total</u>
Wastewater Operations			
Developer fees	4,579	-	4,579
SCIP 04	46,758	-	46,758
Solid Waste			
State and Federal grant advances received	18,784	-	18,784
Developer fees	<u>100,344</u>	<u>-</u>	<u>100,344</u>
Total	<u>\$ 3,694,103</u>	<u>\$ 1,886,210</u>	<u>\$ 5,580,313</u>

NOTE 7: LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2012:

<u>Type of Indebtedness</u>	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Governmental Activities						
Bonds	\$35,935,000	\$ -	\$ 1,180,000	(\$12,565,000)	\$ 22,190,000	\$ 700,000
Less: Discount	(134,509)	-	(3,449)	48,296	(82,764)	(3,449)
Plus: Premium	<u>14,292</u>	<u>-</u>	<u>841</u>	<u>-</u>	<u>13,451</u>	<u>841</u>
Bonds, net	35,814,783	-	1,177,392	(12,516,704)	22,120,687	697,392
Compensated absences	1,679,398	668,290	1,021,631	-	1,326,057	1,071,411
Net OPEB obligation	<u>1,732,772</u>	<u>918,173</u>	<u>206,889</u>	<u>-</u>	<u>2,444,056</u>	<u>-</u>
Total Governmental Activities	<u>\$39,226,953</u>	<u>\$1,586,463</u>	<u>\$ 2,405,912</u>	<u>(\$12,516,704)</u>	<u>\$ 25,890,800</u>	<u>\$1,768,803</u>
Business-Type Activities						
Loans	\$ 124,580	\$ -	\$ 19,235	\$ -	\$ 105,345	\$ 20,629
Bonds	795,000	-	205,000	-	590,000	180,000
Capital leases	1,957,869	-	76,964	-	1,880,905	80,673
Postclosure	-	-	101,471	1,585,120	1,483,649	126,177
Compensated absences	245,392	166,583	108,040	-	303,935	58,374
Net OPEB obligation	<u>749,920</u>	<u>632,375</u>	<u>145,766</u>	<u>-</u>	<u>1,236,529</u>	<u>-</u>
Total Business-Type Activities	<u>\$ 3,872,761</u>	<u>\$ 798,958</u>	<u>\$ 656,476</u>	<u>\$ 1,585,120</u>	<u>\$ 5,600,363</u>	<u>\$ 465,853</u>

Compensated absences for governmental activities are generally liquidated by the fund where the accrued liability occurred. The net other postemployment benefit obligation for the governmental activities is generally liquidated by the fund where the accrued liability occurred.

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 7: LONG-TERM LIABILITIES (CONTINUED)

Individual issues of debt payable outstanding at June 30, 2012, are as follows:

Governmental Activities

Bonds:

Lincoln Public Financing Authority Revenue Refunding Bonds Series 2000 issued December 2000, in the total amount of \$12,275,000, of which \$2,300,000 is considered a liability of the governmental activities and is payable in annual installments of \$20,000 to \$130,000 with an interest rate of 4.25% to 5.90% and maturity on September 15, 2017. The bonds were used to finance certain public capital improvements.

\$ 285,000

Lincoln Public Financing Authority Lease Revenue Refunding Bonds (City Facilities Project) Series 2003 issued July 2003, in the amount of \$10,560,000 and payable in annual installments of \$295,000 to \$685,000 with an interest rate of 2.50% to 5.00% and maturity on August 1, 2028. The bonds were used to fund the acquisition and construction of a new public safety facility.

8,190,000

Lincoln Public Financing Authority Lease Revenue Bonds (City Hall Project) Series 2006 issued July 2006 in the amount of \$14,550,000 and payable in annual installments of \$265,000 to \$910,000, with an interest rate of 3.75% to 5.125% and maturity of August 1, 2036. The bonds were used to finance the acquisition, construction, and improvement of new city administration facilities.

13,715,00

Total Bonds

22,190,000

Total Governmental Activities

\$ 34,755,000

Business-Type Activities

Loans:

Safe Water Bond Act Loan issued June 1, 1993, in the amount of \$314,594 and payable in semi-annual installments of \$13,887, with an interest rate of 7.125% and maturity on January 1, 2017. Loan proceeds were used to refinance the prior loan.

105,345

Total Loans

105,345

Bonds:

Lincoln Public Financing Authority Revenue Refunding Bonds Series 2000 issued December 2000, in the total amount of \$12,275,000 of which \$4,350,000 is considered a liability of the business-type activities and is payable in annual installments of \$125,000 to \$410,000 with an interest rate of 4.25% to 5.90% and maturity on September 15, 2017. The bonds were used to finance certain water, wastewater and airport improvements.

590,000

Total Bonds

590,000

Total Business-Type Activities

\$ 695,345

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 7: LONG-TERM LIABILITIES (CONTINUED)

Following is a schedule of debt payment requirements of governmental activities and business-type activities to maturity for long-term debt, excluding compensated absences that have indefinite maturities, capital leases which are reported in Note 9, landfill post-closure costs which are reported in Note 10 and net OPEB obligation which is reported in Note 14.

Governmental Activities

Year Ended June 30	Bonds		
	Principal	Interest	Total
2013	\$ 700,000	\$ 1,006,164	\$ 1,706,164
2014	715,000	982,331	1,697,331
2015	745,000	956,086	1,701,086
2016	770,000	928,994	1,698,994
2017	795,000	899,645	1,694,645
2018-2022	4,290,000	3,978,734	8,268,734
2023-2027	5,400,000	2,810,888	8,210,888
2028-2032	4,625,000	1,458,425	6,083,425
2033-2037	4,150,000	511,100	4,661,100
Total	<u>\$ 22,190,000</u>	<u>\$13,532,367</u>	<u>\$ 35,722,367</u>

Business-Type Activities

Year Ended June 30	Loans		
	Principal	Interest	Total
2013	\$ 20,629	\$ 7,145	\$ 27,774
2014	22,125	5,649	27,774
2015	23,730	4,044	27,774
2016	25,451	2,323	27,774
2017	13,410	476	13,886
Total	<u>\$ 105,345</u>	<u>\$ 19,637</u>	<u>\$ 124,982</u>

Year Ended June 30	Bonds		
	Principal	Interest	Total
2013	\$ 180,000	\$ 33,655	\$ 213,655
2014	150,000	22,608	172,608
2015	135,000	12,995	147,995
2016	125,000	4,218	129,218
Total	<u>\$ 590,000</u>	<u>\$ 73,476</u>	<u>\$ 663,476</u>

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 8: LEASES

Operating Leases

The City is committed under various cancellable and noncancellable operating leases for building and office space. Operating leases do not give rise to property rights or lease obligations and, therefore. The results of the lease agreements are not reflected in the City's government-wide financial statements.

Capital Leases

The City has entered into certain capital lease agreements under which the related equipment will become the property of the City when all terms of the lease agreements are met.

	<u>Stated Interest Rate</u>	<u>Present Value Of remaining Payments at June 30, 2012</u>
Business-Type Activities	4.735%	\$ 1,880,905
Total		<u>\$ 1,880,905</u>

Equipment and related accumulated depreciation under capital lease are as follows:

	<u>Business-Type Activities</u>
Equipment	\$ 2,438,012
Less: Accumulated depreciation	(183,020)
Net Value	<u>\$ 2,254,992</u>

As of June 30, 2012, capital lease annual amortization is as follows:

<u>Year Ended June 30</u>	<u>Business-Type Activities</u>
2013	\$ 168,325
2014	168,325
2015	168,325
2016	168,325
2017	168,325
2018-2022	841,624
2023-2027	841,624
2028-2032	<u>168,325</u>
Total Requirements	2,693,198
Less Interest	(812,293)
Present Value of Remaining Payments	<u>\$ 1,880,905</u>

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 9: POSTCLOSURE

The City of Lincoln has postclosure responsibility for one landfill site. State and federal laws and regulations require the City place a final cover over its closed landfill and perform certain maintenance and monitoring functions at the landfill site for thirty years following its closure. Closure procedures have been performed and postclosure activity is recorded in the solid waste enterprise fund. The estimated liability for postclosure care costs is estimated to be \$1,483,649 as of June 30, 2012. The estimate of post-closure care costs is based on the amount that would be paid if all equipment, facilities, and services required to monitor and maintain the landfill were acquired as of June 30, 2012. However, the actual costs may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The City is required by state and federal laws and regulations to make annual contributions to finance postclosure care costs. The costs of these procedures is funded on a pay as you go basis. The City has not adopted a pledge of revenue to fund these costs. The estimated postclosure maintenance costs and any additional costs that might arise from changes in postclosure requirements (due to changes in technology or more rigorous environment regulations) may need to be covered by an increase in the rate of the franchise surcharge assessed against refuse collection fees.

NOTE 10: NET ASSETS

The government-wide and proprietary fund financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted, and unrestricted.

- Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. These principally include restrictions for capital projects, debt service requirements and other special revenue fund purposes.
- Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Net Asset Flow Assumption

When a government funds outlays for a particular purpose from both restricted and unrestricted resources, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted net assets are available, it is considered that restricted resources are used first, followed by the unrestricted resources.

Net Assets Restricted by Enabling Legislation

The government-wide Statement of Net Assets reports \$66,389,405 of restricted net assets, of which \$13,613,935 is restricted by enabling legislation.

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 11: FUND BALANCES

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2012, fund balance for governmental funds are made up of the following:

- Nonspendable fund balance - includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories and prepaid amounts.
- Restricted fund balance - includes amounts that can be spent for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- Committed fund balance - includes amounts that can only be used for the specific purposes determined by the City’s highest level of decision-making authority. The City Council is the highest level of decision making authority for the City that can, by adoption of an ordinance, commit fund balance. Once adopted, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation.
- Assigned fund balance - comprises amounts intended to be used by the City for specific purposes that are neither restricted nor committed. The City Council has by resolution authorized the finance director to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.
- Unassigned fund balance - is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, that fund would report a negative unassigned fund balance.

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 11: FUND BALANCES (CONTINUED)

The fund balances for all major and nonmajor governmental funds as of June 30, 2012, were distributed as follows:

	General	Street Fund	Public Facility Element (PFE)	Water Connections	Special Assessment Districts	Other Govern- mental Funds	Total
Nonspendable							
Due from other agencies \$	-	\$ -	\$ -	\$ 4,173,721	\$ -	\$ -	\$ 4,173,721
Due from other funds	-	-	-	15,906,446	-	5,684,942	21,591,388
Prepaid costs	-	-	15,794	-	-	-	15,794
Investment in JPA	100,250	-	-	-	-	47,299	147,549
Advances	-	-	3,852,267	679,088	-	2,298,490	6,829,845
Endowment	-	-	-	-	-	356,659	356,659
Subtotal	<u>100,250</u>	<u>-</u>	<u>3,868,061</u>	<u>20,759,255</u>	<u>-</u>	<u>8,387,390</u>	<u>33,114,956</u>
Restricted For:							
General government	-	-	-	-	-	4,679,674	4,679,674
Public Safety	-	-	1,027,365	-	-	902	1,028,267
Public works & facilities	-	1,689,459	2,667,751	3,094,526	8,161,913	4,806,460	20,420,109
Urban redevelopment and housing	-	-	-	-	-	906,261	906,261
Education	-	-	1,881,927	-	-	-	1,881,927
Endowment	-	-	-	-	-	132,180	132,180
Debt service	-	-	-	-	-	3,591,441	3,591,441
Capital projects	-	-	-	-	-	740,840	740,840
Subtotal	<u>-</u>	<u>1,689,459</u>	<u>5,577,043</u>	<u>3,094,526</u>	<u>8,161,913</u>	<u>14,857,758</u>	<u>33,380,699</u>
Committed to:							
Catastrophic reserve	995,751	-	-	-	-	-	995,751
Youth programs	68,583	-	-	-	-	-	68,583
OPEB	<u>1,460,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,460,000</u>
Subtotal	<u>2,524,334</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,524,334</u>
Unassigned	<u>3,533,294</u>	<u>-</u>	<u>(30,103,281)</u>	<u>-</u>	<u>-</u>	<u>(1,415,978)</u>	<u>(27,985,965)</u>
Total	<u><u>\$6,157,878</u></u>	<u><u>\$1,689,459</u></u>	<u><u>(\$20,658,177)</u></u>	<u><u>\$23,853,781</u></u>	<u><u>\$8,161,913</u></u>	<u><u>\$21,829,170</u></u>	<u><u>\$41,034,024</u></u>

Fund Balance Flow Assumption

When a government funds outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance), a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted net assets are available, it is considered that restricted fund balance is depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 11: FUND BALANCES (CONTINUED)

Fund Balance Policy

The City Council has adopted a fund balance policy for financial statement reporting for the general fund. The policy establishes procedures for reporting fund balance classifications, establishes prudent reserve requirements and establishes a hierarchy of fund balance expenditures. The policy also provides for the City to establish and maintain a minimum committed unrestricted fund balance (catastrophic reserve) in the General fund equal to \$2 million or two months of annual expenditures whichever is greater and a minimum committed unrestricted fund balance (economic reserve) in the General fund equal to 15% of annual expenditures.

NOTE 12: EMPLOYEES' RETIREMENT PLAN

A. Plan Description

The City contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit plan. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by statute. Copies of PERS' annual financial report may be obtained from their executive office – 400 Q Street, Lincoln Plaza East, Sacramento, CA 95811.

B. Funding Policy

Miscellaneous plan members in PERS are required to contribute up to 8 percent of their annual covered salary and Safety Plan members are required to contribute up to 9 percent of their annual covered salary. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the PERS Board of Administration. The required employer contribution rate for fiscal year 2011/2012 was 17.491 percent for miscellaneous employees, 7.733 percent for miscellaneous 2nd tier, 24.981 percent for fire and 24.981 percent for police. The contribution requirements of the plan are established by State statute and the employer contribution rate is established and may be amended by PERS.

C. Annual Pension Cost

For fiscal year 2011/2012, the City's annual pension cost of \$1,937,428 for PERS was equal to the City's actual contributions. The required contributions for fiscal year 2011/2012 were determined as part of the June 30, 2009, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75 percent investment rate of return (net of administrative expenses), (b) projected annual salary increases of 3.55 percent to 14.45 percent, depending on age, service, and type of employment, (c) 3.00 percent inflation, (d) 3.25 percent payroll growth and (e) individual salary growth based on a merit scale with assumed annual inflation of 3.00 percent and annual production growth of 0.25 percent.

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 12: EMPLOYEES' RETIREMENT PLAN (CONTINUED)

C. Annual Pension Cost (Continued)

The actuarial value of PERS assets was determined using techniques that smooth the effect of short term volatility in the market value of investments over a fifteen year period (smoothed market value). Initial unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. All changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methodology are amortized separately over a 20 year period. All gains or losses are tracked and amortized over a rolling 30 year period with the exception of gains and losses in fiscal years 2008-2009, 2009-2010 and 2010-2011 in which each year's gains or losses will be isolated and amortized over fixed and declining 30 year periods (as opposed to the current rolling 30 year amortization). If the plan's accrued liability exceeds the actuarial value of plan assets, the annual contribution with respect to the total unfunded liability may not be less than the amount produced by a 30 year amortization of the unfunded liability. The table below presents three year trend information.

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2010	\$ 1,927,960	100%	\$ -
June 30, 2011	1,867,194	100%	-
June 30, 2012	1,937,428	100%	-

D. Funded Status and Funding Progress

Since the City has less than 100 active members in at least one valuation since June 30, 2003, it is required to participate in a risk pool and does not present individual plan funded status.

NOTE 13: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. Plan Description

The City administers a single employer defined benefit other postemployment healthcare (OPEB) plan providing health plan coverage to eligible retired employees and their eligible dependents. The City maintains the same medical plans for its retirees as for its active employees. All regular City employees hired prior to January 1, 1998 are entitled to 100% medical coverage, paid by the City, upon retirement from the City and from CalPERS. Employees hired after January 1, 1998 are eligible for retiree medical health benefits as defined in the California Public Employees Retirement Law, tiered system. The tiered system requires that an employee be vested (5 years at the City of Lincoln) and have a minimum total of 10 years of service in a CalPERS agency, be 50 years of age and retire out of CalPERS within 120 days of retiring from the City. The amount the City pays for their medical health benefit is dependent upon their years of credited service at retirement. The OPEB Plan does not issue a publicly available financial report.

B. Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City Council. The required contribution is based on projected pay-as-you-go financing requirements. For the year ended June 30, 2012, the City contributed \$352,655 to the plan, which represents 98% of the cost of current year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contributed \$7,706, or approximately 2% of the total premiums, through their required contribution.

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 13: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

C. Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefits (OPEB) cost is calculated based on the annual required contribution (ARC) an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year. The City elected to prepay the unfunded actuarial liability.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the Retiree Health Plan.

Annual required contribution	\$ 1,587,916
Interest on net OPEB Obligation	124,135
Adjustment to Annual Required Contribution	(161,503)
Annual OPEB Cost	1,550,548
Contributions Made	(352,655)
Increase (decrease) in Net OPEB Obligation	1,197,893
Net OPEB Obligation (Asset) Beginning	<u>2,482,692</u>
Net OPEB Obligation (Asset) Ending	<u>\$ 3,680,585</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current and prior two years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2010	\$ 1,257,175	21.1%	\$ 1,498,886
June 30, 2011	1,264,797	22.2%	2,482,692
June 30, 2012	1,550,548	22.7%	3,680,585

D. Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 0 percent funded. The actuarial accrued liability was \$12,518,361 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$12,518,361. The covered payroll (annual payroll of employees covered by the plan) was \$10,673,967, and the ratio of the UAAL to the covered payroll was 11.7 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the Annual Required Contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information (as it becomes available) that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 13: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the OPEB plan. In the July 1, 2011 actuarial valuation, the projected unit credit actuarial method was used. The actuarial assumptions included a 5% investment rate of return (net of administrative expenses). The annual healthcare-cost trend rates range from 7% in 2012 to 5% in 2014 and future years. The assumptions also include a 5% discount rate. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2012 was 30 years.

NOTE 14: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disaster.

There is no claims liability to be reported based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount for the loss can be reasonably estimated.

There were no significant reductions in insurance coverage from prior years and there have been no settlements exceeding the insurance coverage for each of the past three fiscal years.

The City is a member of Northern California Cities Self-Insurance Fund (NCCSIF), a joint powers agency which provides the City with a shared risk layer of coverage above the self-insured retention amount for liability and workers' compensation. The NCCSIF is composed of 21 member cities and is governed by a board of directors appointed by the member cities. The governing board has authority over budgeting and financing.

General Liability Coverage: Annual deposits are paid by member cities and are adjusted retrospectively to cover costs. Each member city, including Lincoln, self-insures for the first \$50,000 of each loss. Participating cities share in loss occurrences in excess of \$50,000 up to a maximum of \$500,000. Premiums accrue based on the ultimate cost of the experience of the group of Cities. Coverage in excess of \$500,000 is provided through the California Joint Powers Insurance Risk Management Authority, a joint powers authority organized to provide excess coverage for its members.

Workers' Compensation Coverage: Annual deposits are paid by member cities and are adjusted retrospectively to cover costs. The City self-insured for the first \$100,000 of each loss and has purchased excess coverage with limits of \$5,000,000 per occurrence.

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 14: RISK MANAGEMENT (CONTINUED)

NCCSIF is a joint powers agency organized in accordance with Article 1, Chapter 5, Division 7, Title 1 of the California Government Fund Programs. The purpose is to create a common pool of funds to be used to meet obligations of the parties to provide workers' compensation benefits for their employees and to provide excess liability insurance. The Authority provides claims processing administrative services, risk management services, and actuarial studies. It is governed by a member from each city. The City of Lincoln council members do not have significant oversight responsibility, since they evenly share all factors of responsibility with the other cities. However, ultimate liability for payment of claims and insurance premiums resides with member cities. The Authority is empowered to make supplemental assessments as needed to eliminate deficit positions of member cities. If the JPA becomes insolvent, the City is responsible only to the extent of any deficiency in its equity balance.

Upon termination of the JPA agreement, all property of the Authority will vest in the respective parties which theretofore transferred, conveyed or leased said property to the Authority. Any surplus of funds will be returned to the parties in proportion to actual balances of each equity.

The Authority establishes claims liabilities based on estimates of the ultimate cost of claims (including future claims settlement expenses) that have been reported but not settled, plus estimates of claims that have been incurred but not reported. Because actual claims costs depend on various factors, the claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision of inflation is implicit in the calculation of estimated future claims costs. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

The participants as of June 30, 2012 were as follows:

- | | | | | |
|------------|-----------|--------------|---------------|-------------|
| • Anderson | • Dixon | • Ione | • Nevada City | • Red Bluff |
| • Auburn | • Folsom | • Jackson | • Oroville | • Rio Vista |
| • Colusa | • Galt | • Lincoln | • Paradise | • Rocklin |
| • Corning | • Gridley | • Marysville | • Placerville | • Willows |
| | | | | • Yuba City |

The City's equity investment in the NCCSIF of \$160,602 is recorded in the funds Investment in JPA. The net change in equity is shown as an income or expenditure/expense item in the funds.

NOTE 15: OTHER INFORMATION

A. Commitments and Contingencies

At June 30, 2012, the City had construction contracts outstanding of approximately \$193,888 for the civic center rehabilitation.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the appreciable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 15: OTHER INFORMATION (CONTINUED)

B. Successor Agency Trust for Assets of Former Redevelopment Agency

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Lincoln that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the City or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On January 24, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency with the exception of the housing function in accordance with the Bill as part of City resolution number 2012-013.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City’s position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Prior to that date, the final seven months of the activity of the redevelopment agency continued to be reported in the governmental funds of the City. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 15: OTHER INFORMATION (CONTINUED)

B. Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

The transfer of the assets and liabilities of the former redevelopment agency as of February 1, 2012 (effectively the same date as January 31, 2012) from governmental funds of the City to fiduciary funds was reported in the governmental funds as an extraordinary loss (or gain) in the governmental fund financial statements. The receipt of these assets and liabilities as of January 31, 2012 was reported in the private-purpose trust fund as an extraordinary gain (or loss).

Because of the different measurement focus of the governmental funds (current financial resources measurement focus) and the measurement focus of the trust funds (economic resources measurement focus), the extraordinary loss recognized in the governmental funds was not the same amount as the extraordinary loss that was recognized in the fiduciary fund financial statements.

The difference between the extraordinary loss recognized in the fund financial statements and the extraordinary loss recognized in the fiduciary fund financial statements is reconciled as follows:

Total extraordinary loss reported in governmental funds - increase to net assets of the Successor Agency Trust Fund.	\$ 6,553,877
Capital assets recorded in the government-wide financial statements - increase to net assets of the Successor Agency Trust Fund.	1,203,910
Long-term debt reported in the government-wide financial statements - decrease to net assets of the Successor Agency Trust Fund.	(12,087,430)
Net decrease to net assets of the Successor Agency Trust Fund as a result of initial transfers (equal to amount of extraordinary gain reported in the government-wide financial statements).	(<u>\$ 4,329,643</u>)

Capital assets activity for the year ended June 30, 2012, was as follows:

	Balance July 1, 2011	Additions	Retirements	Adjustments	Balance June 30, 2012
Capital Assets, Not Being Depreciated					
Land	\$ -	\$ -	\$ -	\$ 1,038,800	\$ 1,038,800
Total Capital Assets, Not Being Depreciated	-	-	-	1,038,800	1,038,800
Capital Assets, Being Depreciated					
Buildings	-	-	-	179,708	179,708
Less Accumulated Depreciation for:					
Buildings	-	(4,493)	-	(14,598)	(19,091)
Total Capital Assets, Being Depreciated, Net	-	(4,493)	-	165,110	160,617
Capital Assets, Net	<u>\$ -</u>	<u>(\$ 4,493)</u>	<u>\$ -</u>	<u>\$ 1,203,910</u>	<u>\$ 1,199,417</u>

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 15: OTHER INFORMATION (CONTINUED)

B. Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

The following is a summary of changes in long-term liabilities for the year ended June 30, 2012:

<u>Type of Indebtedness</u>	<u>Balance</u> <u>July 1, 2011</u>	<u>Adjustments</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Bonds	\$ -	\$12,565,000	\$ -	\$ 12,565,000	\$ 545,000
Less: Discount	<u>-</u>	<u>(48,296)</u>	<u>(5,076)</u>	<u>(43,220)</u>	<u>(5,076)</u>
Total	<u>\$ -</u>	<u>\$12,516,704</u>	<u>(\$ 5,076)</u>	<u>\$ 12,521,780</u>	<u>\$ 539,924</u>

Individual issues of debt payable outstanding at June 30, 2012, are as follows:

Bonds:

Lincoln Public Financing Authority Revenue Refunding Bonds Series 2000 issued December 2000 in the total amount of \$12,275,000, of which \$5,625,000 is considered a liability of the former Redevelopment Agency and is payable in annual installments of \$235,000 to \$580,000, with an interest rate of 4.25% to 5.90% and maturity on September 15, 2017. The bonds were used to refund the 1989 Refunding Revenue Bonds and the Lincoln Public Financing Authority Revenue Bonds Series 1994.

\$ 1,780,000

Lincoln Public Financing Authority Tax Allocation Revenue Bonds Series 2004A, issued October 20, 2004 in the amount of \$8,720,000 and payable in annual installments of \$305,000 to \$925,000, with an interest rate of 3.50% to 4.80% and maturity on September 15, 2026. The bonds were used to finance redevelopment activities.

8,720,000

Lincoln Public Financing Authority Housing Set Aside Tax Allocation Revenue Bonds Series 2004B (Taxable), issued October 20, 2004 in the amount of \$2,370,000 and payable in annual installments of \$35,000 to \$160,000, with an interest rate of 5.00% to 5.70% and maturity on September 15, 2033. The bonds were used to finance low and moderate income housing activities.

2,065,000

Total Loans

\$ 12,565,000

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 15: OTHER INFORMATION (CONTINUED)

B. Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

Following is a schedule of debt payment requirements to maturity for long-term debt:

Year Ended June 30	Loans		
	Principal	Interest	Total
2013	\$ 545,000	\$ 611,865	\$ 1,156,865
2014	580,000	579,040	1,159,040
2015	610,000	548,420	1,158,420
2016	640,000	515,414	1,155,414
2017	675,000	479,745	1,154,745
2018-2022	3,915,000	1,854,218	5,769,218
2023-2027	4,655,000	832,838	5,487,838
2025-2032	635,000	182,543	817,543
2033-2034	310,000	17,955	327,955
Total	<u>\$ 12,565,000</u>	<u>\$ 5,622,038</u>	<u>\$ 18,187,038</u>

C. Subsequent Events

Management has evaluated events subsequent to June 30, 2012 through January 10, 2013, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

D. Joint Agencies

The Northern California Cities Self-Insurance Fund (NCCSIF) is a joint powers authority organized to provide for a banking plan whereby the member cities can share in the administrative costs of providing liability and worker's compensation insurance. The NCCSIF is governed by the Board of Directors appointed by the member Cities. Complete audited financial statements can be obtained from the Program Administrator, 600 Montgomery Street, 9th Floor, San Francisco, CA 94111.

NOTE 16: SPECIAL ASSESSMENT DEBT WITH NO CITY COMMITMENT

The City acts as an agent for the property owners in collecting special assessments, forwarding the collections to bondholders, and initiating foreclosure proceedings, when appropriate. The City is not liable for repayment of the special assessment debt, and accordingly, the special assessment debt is not reflected in the accompanying basic financial statements. Cash held on deposit and corresponding amounts payable are reported in the Agency Funds.

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 16: SPECIAL ASSESSMENT DEBT WITH NO CITY COMMITMENT (CONTINUED)

<u>Assessment Debt</u>	<u>Project Description</u>	<u>Original Amount</u>	<u>Outstanding June 30, 2012</u>
Special Tax Bonds, Series 1998 Lincoln Airpark 98-1	Lincoln Airpark	\$ 3,380,000	\$ 2,200,000
Refunding Bond, Series 2011A Twelve Bridges Series 204	Twelve Bridges	28,305,000	28,305,000
Refunding Bond, Series 2011B Twelve Bridges Series 204	Twelve Bridges	13,495,000	13,495,000
Limited Obligation Improv. Bond Foskett Ranch Series 2004-3	Foskett Ranch	6,000,000	3,935,000
Special Tax Bonds, Series 2006 Lakeside CFO Series 2006-1	Lakeside	7,310,000	7,160,000
Special Tax Revenue Bonds 2007 Special Tax Revenue Bond 2007 A&B	Lincoln Crossing	102,870,000	97,534,400
Special Tax Revenue Bonds, Series 2009 CFD Sorrento Series 2009	Sorrento Project	2,190,000	2,160,000

NOTE 17: FINANCIAL CONDITION

Certain funds of the City have negative unrestricted fund balances without an immediate revenue source to cover these negative amounts, and management is projecting that the unassigned General Fund and Development Services fund balances will be negative by the end of fiscal year 2015/16 and 2014/15 respectively, even with layoffs currently reflected in the budget. The City's Public Facility Elements (PFE) Funds, whose primary revenue source is development impact fees, have a negative fund balance of \$20,658,177 because of infrastructure projects, which included the City Hall, fire stations, parks, sewer and water facilities and other support structures, being constructed during a significant growth period in the City, and then the City experienced a significant reduction in these development fees, leaving an insufficient revenue source to cover the cost of these projects. This deficit fund balance is being supported by the City's Water Connection Fund, which is restricted for future water capacity. The Water Connection Fund does not have an immediate need for its fund balance for capacity expansion so the borrowing by the PFE Fund does not create a hardship for the Water Connection Fund at this time.

The General Fund has a positive fund balance of \$3,533,294 as of June 30, 2012, after deducting nonspendable and amounts committed by the City Council for various purposes. Management has prepared budget projections over the next five years that show the General Fund and the Development Services will be in a deficit fund balance position by the end of fiscal year 2015/16 and 2014/15 respectively. The Airport Fund has a negative unrestricted net assets deficit of \$4,910,271 as a result of operating losses over the years. The Successor Agency to the Redevelopment Agency currently owes \$4,469,781 to the City and the agency funds owe \$270,469 to the City. The significant amounts owed to the City by outside agencies need to be considered in determining the City's financial health.

Management has significantly cut costs over the past couple of years to sustain the positive General Fund balance, and is currently considering other cost-cutting measures going forward. The City Council created the Fiscal Sustainability Committee to address the financial condition of the City, which issued a report in early 2012 containing recommendations to help ensure the long-term fiscal stability of the City.

**Required Supplementary Information
(Unaudited)**

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CITY OF LINCOLN
Required Supplementary Information
For the Year Ended June 30, 2012

1. SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS

The Schedule of Funding Progress - Other Postemployment Benefits provides a consolidated snapshot of the City's ability to meet current and future liabilities with the plan assets. Of particular interest to most is the funded status ratio. This ratio conveys a plan's level of assets to liabilities, an important indicator to determine the financial health of the OPEB plan. The closer the plan is to a 100% funded status, the better position it will be in to meet all of its future liabilities.

The table below shows a three year analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll for the City Other Postemployment Benefit Plan.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Simplified Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll ((b-a)/c)
July 1, 2005	\$ -	\$ 5,460,915	\$ 5,460,915	0.0%	\$14,914,044	36.6%
July 1, 2009	-	8,551,351	8,551,351	0.0%	13,098,294	65.3%
July 1, 2011	-	1,251,831	1,251,831	0.0%	10,673,967	11.7%

2. INFRASTRUCTURE ASSETS REPORTING USING THE MODIFIED APPROACH

The City elected to use the Modified Approach as defined by GASB Statement No. 34 for infrastructure reporting of its Street and Pavement System. The City commissioned a physical assessment of the streets conditions during the 02/03 fiscal year. This assessment will be performed every 3 years. Each homogeneous segment of the City Pavement Condition Index (PCI) was assigned to each street segment. The index is expressed in a continuous scale for 0 to 100, where 0 is assigned to the least acceptable physical condition and 100 is assigned to segments of street that have the physical characteristics of a new street. The following conditions were defined: excellent physical condition is assigned to segments with a scale rating between 100 and 85, good condition is assigned to segments with a scale rating between 84 and 70, fair condition is assigned to segments with a scale rating between 69 and 55, poor condition is assigned to segments with scale rating between 40 and 54. The City's policy relative to maintaining the street assets is to achieve a minimum rating of 70 for all street segments. This acceptable rating allows minor cracking and raveling of the pavement along with minor roughness that could be noticeable to drivers traveling at the posted speeds.

CITY OF LINCOLN
Required Supplementary Information
For the Year Ended June 30, 2012

**2. INFRASTRUCTURE ASSETS REPORTING USING THE MODIFIED APPROACH
(CONTINUED)**

As of June 30, the City's maintained road system was rated at a PCI index as follows:

<u>PCI Rating</u>	<u>Number of Miles</u>	<u>Percentage</u>
Arterial:		
Excellence (85-100)	24.47	10.83%
Good (70-84)	2.00	0.88%
Fair (55-69)	0.59	0.26%
Poor (40-54)	0.65	0.29%
Failed (0-39)	1.63	0.72%
Collector:		
Excellence (85-100)	31.11	13.76%
Good (70-84)	3.46	1.53%
Fair (55-69)	1.71	0.76%
Poor (40-54)	3.62	1.60%
Failed (0-39)	4.86	2.15%
Local:		
Excellence (85-100)	130.00	57.52%
Good (70-84)	4.54	2.01%
Fair (55-69)	2.64	1.17%
Poor (40-54)	4.92	2.18%
Failed (0-39)	5.18	2.29%
Alleys:		
Excellence (85-100)	3.33	1.47%
Good (70-84)	-	0.00%
Fair (55-69)	-	0.00%
Poor (40-54)	-	0.00%
Failed (0-39)	1.32	0.58%
Total	<u>226.03</u>	<u>100.00%</u>

CITY OF LINCOLN
Required Supplementary Information
For the Year Ended June 30, 2012

**2. INFRASTRUCTURE ASSETS REPORTING USING THE MODIFIED APPROACH
(CONTINUED)**

For the year ended June 30, 2012, actual maintenance and preservation costs were less than estimated by \$485,011.

<u>Fiscal Year</u>	<u>Pavement Management System</u>	<u>Estimated Maintenance and Preservation Costs</u>	<u>Actual Maintenance and Preservation Costs</u>	<u>Variance</u>
2003	\$ 539,384	\$ 539,384	\$ 837,929	\$ 298,545
2004	1,476,338	1,476,338	851,245	(625,093)
2005	1,030,376	1,030,376	801,171	(229,205)
2006	2,189,872	2,189,872	1,425,773	(764,099)
2007	1,669,629	1,669,629	1,111,748	(557,881)
2008	2,144,885	2,514,406	1,266,759	(1,247,647)
2009	1,994,066	1,710,652	1,520,371	(190,281)
2010	1,388,217	2,437,290	982,012	(1,455,278)
2011	2,663,776	2,592,981	1,048,157	(1,544,824)
2012	4,898,856	3,222,242	2,737,231	(485,011)

CITY OF LINCOLN
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 9,565,550	\$ 9,565,550	\$ 10,425,512	\$ 859,962
Licenses and permits	124,000	124,000	133,622	9,622
Fines and forfeitures	102,000	102,000	100,522	(1,478)
Use of money and property	24,900	24,900	67,006	42,106
Intergovernmental	175,084	177,764	123,240	(54,524)
Charges for services	901,201	904,801	956,339	51,538
Other revenues	271,628	271,628	324,194	52,566
Total Revenues	11,164,363	11,170,643	12,130,435	959,792
EXPENDITURES				
Current:				
General government	2,034,640	2,022,640	2,249,529	(226,889)
Public safety	8,861,466	8,882,883	8,378,080	504,803
Public works and facilities	72,426	82,426	274,912	(192,486)
Culture and recreation	855,589	855,589	571,875	283,714
Urban redevelopment and housing	36,812	68,986	-	68,986
Education	439,901	439,901	440,276	(375)
Total Expenditures	12,300,834	12,352,425	11,914,672	437,753
Excess of Revenues Over (Under) Expenditures	(1,136,471)	(1,181,782)	215,763	1,397,545
OTHER FINANCING SOURCES (USES)				
Transfers in	316,273	317,773	317,773	-
Transfers out	(203,252)	(203,252)	(203,283)	(31)
Total Other Financing Sources (Uses)	113,021	114,521	114,490	(31)
Net Change in Fund Balance	(1,023,450)	(1,067,261)	330,253	1,397,514
Fund Balances - Beginning	5,827,625	5,827,625	5,827,625	-
Fund Balances - Ending	\$ 4,804,175	\$ 4,760,364	\$ 6,157,878	\$ 1,397,514

CITY OF LINCOLN
Required Supplementary Information
Budgetary Comparison Schedule
Street Fund - Major Special Revenue Fund
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Use of money and property	\$ 18,750	\$ 18,750	\$ 8,802	\$ (9,948)
Intergovernmental	1,030,500	1,030,500	1,646,880	616,380
Other revenues	-	-	70,240	70,240
Total Revenues	<u>1,049,250</u>	<u>1,049,250</u>	<u>1,725,922</u>	<u>676,672</u>
EXPENDITURES				
Current:				
Public works and facilities	1,048,572	1,048,572	2,670,032	(1,621,460)
Capital outlay	1,977,702	1,975,408	23,982	1,951,426
Total Expenditures	<u>3,026,274</u>	<u>3,023,980</u>	<u>2,694,014</u>	<u>329,966</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,977,024)</u>	<u>(1,974,730)</u>	<u>(968,092)</u>	<u>1,006,638</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	225,665	225,665	-
Transfers out	(38,809)	(38,809)	(39,186)	(377)
Total Other Financing Sources (Uses)	<u>(38,809)</u>	<u>186,856</u>	<u>186,479</u>	<u>(377)</u>
Net Change in Fund Balance	<u>(2,015,833)</u>	<u>(1,787,874)</u>	<u>(781,613)</u>	<u>1,006,261</u>
Fund Balances - Beginning	<u>2,471,072</u>	<u>2,471,072</u>	<u>2,471,072</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 455,239</u>	<u>\$ 683,198</u>	<u>\$ 1,689,459</u>	<u>\$ 1,006,261</u>

CITY OF LINCOLN
Required Supplementary Information
Budgetary Comparison Schedule
Public Facility Element (PFE) - Major Special Revenue Fund
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Use of money and property	\$ 55,812	\$ 55,812	\$ 90,577	\$ 34,765
Intergovernmental	1,043,062	1,043,062	1,428,531	385,469
Charges for services	379,727	697,727	1,066,651	368,924
Total Revenues	<u>1,478,601</u>	<u>1,796,601</u>	<u>2,585,759</u>	<u>789,158</u>
EXPENDITURES				
Current:				
Public works and facilities	5,000	5,000	4,597	403
Education	79,895	469,189	50,051	419,138
Debt service:				
Interest and other charges	-	-	40,376	(40,376)
Capital outlay	-	-	438,499	(438,499)
Total Expenditures	<u>84,895</u>	<u>474,189</u>	<u>533,523</u>	<u>(59,334)</u>
Excess of Revenues Over (Under) Expenditures	<u>1,393,706</u>	<u>1,322,412</u>	<u>2,052,236</u>	<u>729,824</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(7,332)	(406,280)	(410,149)	(3,869)
Total Other Financing Sources (Uses)	<u>(7,332)</u>	<u>(406,280)</u>	<u>(410,149)</u>	<u>(3,869)</u>
Net Change in Fund Balance	<u>1,386,374</u>	<u>916,132</u>	<u>1,642,087</u>	<u>725,955</u>
Fund Balances - Beginning	<u>(22,635,975)</u>	<u>(22,635,975)</u>	<u>(22,635,975)</u>	<u>-</u>
Prior period adjustment	-	-	335,711	335,711
Fund Balances - Beginning, Restated	<u>(22,635,975)</u>	<u>(22,635,975)</u>	<u>(22,300,264)</u>	<u>335,711</u>
Fund Balances - Ending	<u><u>\$(21,249,601)</u></u>	<u><u>\$(21,719,843)</u></u>	<u><u>\$(20,658,177)</u></u>	<u><u>\$ 1,061,666</u></u>

CITY OF LINCOLN
Required Supplementary Information
Budgetary Comparison Schedule
Water Connections - Major Special Revenue Fund
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Use of money and property	\$ 308,556	\$ 308,556	\$ 302,330	\$ (6,226)
Total Revenues	<u>308,556</u>	<u>308,556</u>	<u>302,330</u>	<u>(6,226)</u>
EXPENDITURES				
Capital outlay	-	-	32,830	(32,830)
Total Expenditures	<u>-</u>	<u>-</u>	<u>32,830</u>	<u>(32,830)</u>
Excess of Revenues Over (Under) Expenditures	<u>308,556</u>	<u>308,556</u>	<u>269,500</u>	<u>(39,056)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	861,000	86,100	1,541,964	1,455,864
Transfers out	<u>(12,255)</u>	<u>(12,255)</u>	<u>(12,255)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>848,745</u>	<u>73,845</u>	<u>1,529,709</u>	<u>1,455,864</u>
Net Change in Fund Balance	<u>1,157,301</u>	<u>382,401</u>	<u>1,799,209</u>	<u>1,416,808</u>
Fund Balances - Beginning	<u>22,054,572</u>	<u>22,054,572</u>	<u>22,054,572</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ 23,211,873</u></u>	<u><u>\$ 22,436,973</u></u>	<u><u>\$ 23,853,781</u></u>	<u><u>\$ 1,416,808</u></u>

CITY OF LINCOLN
Required Supplementary Information
Budgetary Comparison Schedule
Special Assessment Districts - Major Special Revenue Fund
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Special assessments	\$ 2,810,514	\$ 2,810,514	\$ 2,991,852	\$ 181,338
Use of money and property	56,836	56,836	77,742	20,906
Other revenues	-	-	3,956	3,956
Total Revenues	<u>2,867,350</u>	<u>2,867,350</u>	<u>3,073,550</u>	<u>206,200</u>
EXPENDITURES				
Current:				
General government	-	-	28,148	(28,148)
Public works and facilities	2,306,491	2,421,344	1,709,993	711,351
Capital outlay	8,000	6,000	5,908	92
Total Expenditures	<u>2,314,491</u>	<u>2,427,344</u>	<u>1,744,049</u>	<u>683,295</u>
Excess of Revenues Over (Under) Expenditures	<u>552,859</u>	<u>440,006</u>	<u>1,329,501</u>	<u>889,495</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	201,044	201,044
Transfers out	(23,509)	(23,509)	(224,781)	(201,272)
Total Other Financing Sources (Uses)	<u>(23,509)</u>	<u>(23,509)</u>	<u>(23,737)</u>	<u>(228)</u>
Net Change in Fund Balance	<u>529,350</u>	<u>416,497</u>	<u>1,305,764</u>	<u>889,267</u>
Fund Balances - Beginning	<u>6,856,149</u>	<u>6,856,149</u>	<u>6,856,149</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 7,385,499</u>	<u>\$ 7,272,646</u>	<u>\$ 8,161,913</u>	<u>\$ 889,267</u>

CITY OF LINCOLN
Required Supplementary Information
Notes to Budgetary Comparison Schedule
For the Year Ended June 30, 2012

1. BUDGETARY BASIS OF ACCOUNTING

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue funds, Capital Project funds, Debt Service funds, Permanent funds and Enterprise funds and is controlled at the department level for the City. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

The following procedures are performed by the City in establishing the budgetary data reflected in the financial statements:

- (1) In May of each year the Finance Department is to submit to the City Council a recommended operating budget for the fiscal year commencing the following July 1. The operating budget includes recommended expenditures and the means of financing them.

Public hearings are to be conducted at City Hall to obtain taxpayer comments. Generally by the first of July, after adjustment as appropriate by the City Council, the budget is to be legally enacted through council motion.

- (2) Council approval is required for transfers between funds, or for an increase in total appropriations. Therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis (General Government, Public Safety, etc.).
- (3) Formal budgetary integration is employed as a management control device during the year for the General fund and special revenue funds. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant adjustments.
- (4) All unused appropriations for budgeted amounts lapse at the end of the year.
- (5) Individual fund budgetary comparisons are not presented at the detail budget unit level due to their excessive length. A separate document presenting this information is available.

The City does not use encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

2. EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the fiscal year ended June 30, 2012, the City incurred expenditures in excess of appropriations as follows:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess of Expenditures Over Appropriations</u>
Public Facility Element (PFE)	\$ 474,189	\$ 533,523	\$59,334
Water Connections	-	32,830	32,830

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Combining Nonmajor Fund Statements

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Nonmajor Governmental Funds

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CITY OF LINCOLN
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Totals
ASSETS					
Cash and investments	\$ 7,703,947	\$ 1,446,646	\$ 147,200	\$ 472,774	\$ 9,770,567
Accounts receivable (net of allowance)	(3,921)	-	-	-	(3,921)
Interest receivable	1,882	164	16	52	2,114
Taxes receivable	1,236,899	-	-	-	1,236,899
Due from other governments	4,301	-	-	-	4,301
Due from other agencies	270,469	-	-	-	270,469
Due from other funds	6,152,553	-	-	-	6,152,553
Investment in JPA	47,299	-	-	-	47,299
Advances to other funds	2,298,490	-	-	-	2,298,490
Restricted cash and investments	456,909	2,144,631	684,697	16,252	3,302,489
Loans receivable	3,410,969	-	-	-	3,410,969
Total Assets	\$ 21,579,797	\$ 3,591,441	\$ 831,913	\$ 489,078	\$ 26,492,229
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 685,213	\$ -	\$ -	\$ 239	\$ 685,452
Accrued salaries and benefits	52,126	-	-	-	52,126
Other accrued liabilities	82,170	-	-	-	82,170
Deposits payable	485,011	-	-	-	485,011
Retention payable	30,447	-	-	-	30,447
Due to other funds	1,442,763	-	91,073	-	1,533,836
Deferred revenue	22,349	-	-	-	22,349
Unearned revenue	1,771,668	-	-	-	1,771,668
Total Liabilities	4,571,747	-	91,073	239	4,663,059
Fund Balances:					
Nonspendable	8,030,731	-	-	356,659	8,387,390
Restricted	10,393,297	3,591,441	740,840	132,180	14,857,758
Unassigned	(1,415,978)	-	-	-	(1,415,978)
Total Fund Balances	17,008,050	3,591,441	740,840	488,839	21,829,170
Total Liabilities and Fund Balances	\$ 21,579,797	\$ 3,591,441	\$ 831,913	\$ 489,078	\$ 26,492,229

CITY OF LINCOLN
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2012

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Totals
REVENUES					
Taxes	\$ 1,077,032	\$ -	\$ -	\$ -	\$ 1,077,032
Licenses and permits	522,125	-	-	-	522,125
Fines and forfeitures	14,563	-	-	-	14,563
Use of money and property	230,598	15,197	8,802	4,793	259,390
Intergovernmental	3,095,914	-	-	-	3,095,914
Charges for services	453,792	-	-	-	453,792
Other revenues	80,139	-	-	-	80,139
Total Revenues	<u>5,474,163</u>	<u>15,197</u>	<u>8,802</u>	<u>4,793</u>	<u>5,502,955</u>
EXPENDITURES					
Current:					
General government	264,214	7,365	-	-	271,579
Public safety	99,962	-	-	-	99,962
Public works and facilities	2,993,910	19,995	7,000	10,575	3,031,480
Urban development and housing	144,653	-	-	-	144,653
Debt service:					
Principal	50,000	1,130,000	-	-	1,180,000
Interest and other charges	133,190	1,381,443	-	-	1,514,633
Capital outlay	1,590,113	-	-	-	1,590,113
Total Expenditures	<u>5,276,042</u>	<u>2,538,803</u>	<u>7,000</u>	<u>10,575</u>	<u>7,832,420</u>
Excess of Revenues Over (Under) Expenditures	<u>198,121</u>	<u>(2,523,606)</u>	<u>1,802</u>	<u>(5,782)</u>	<u>(2,329,465)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	3,165	2,641,375	10	-	2,644,550
Transfers out	(1,424,671)	(192,369)	(228,665)	-	(1,845,705)
Total Other Financing Sources (Uses)	<u>(1,421,506)</u>	<u>2,449,006</u>	<u>(228,655)</u>	<u>-</u>	<u>798,845</u>
Extraordinary gain (loss)	(3,508,209)	(1,042,029)	(2,003,639)	-	(6,553,877)
Net Change in Fund Balances	<u>(4,731,594)</u>	<u>(1,116,629)</u>	<u>(2,230,492)</u>	<u>(5,782)</u>	<u>(8,084,497)</u>
Fund Balances - Beginning	11,060,754	4,708,070	27,073,397	494,621	43,336,842
Prior period adjustment	10,678,890	-	(24,102,065)	-	(13,423,175)
Fund Balances - Beginning, Restated	<u>21,739,644</u>	<u>4,708,070</u>	<u>2,971,332</u>	<u>494,621</u>	<u>29,913,667</u>
Fund Balances - Ending	<u>\$ 17,008,050</u>	<u>\$ 3,591,441</u>	<u>\$ 740,840</u>	<u>\$ 488,839</u>	<u>\$ 21,829,170</u>

Nonmajor Governmental Funds

- **Special Revenue Funds**

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CITY OF LINCOLN

Nonmajor Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted or committed to expenditure for specific purposes other than debt service or capital projects. Nonmajor special revenue funds used by the City are listed below:

Park In-Lieu

Accounts for fees collected from developers in lieu of dedicating land for park or recreational purposes. Fees are used to purchase property for public parks.

Gas Tax

Accounts for receipts and expenditures of monies apportioned for road projects under the Street and Highway Code Section 2105, 2106, 2107 and 2107.5 of the State of California.

Supplemental Fees

Accounts for supplemental activities that are supported by external sources of funds.

Park and Recreation Tax

Accounts for monies received from the State and County to be used for traffic/street/transit improvements.

Development Services

Accounts for monies received in relation to all aspects of developing property and/or projects within the City. The activities are accounted for within the Community Development and Public Works Departments. Monies are received from license and permit costs and additional fees for services within the City of Lincoln and the surrounding areas.

Police Grants

Accounts for grants received for special police services.

Revitalization and Rehabilitation Loans

Accounts for revitalization and rehabilitation monies lent to local businesses and residents for revitalizing and rehabilitating homes and buildings.

Community Development Block Grant (CDBG)

Accounts for the City's participation in the Community Development Block Grant programs, which provides loans to businesses to generate jobs for new employees in the targeted income group (generally low income).

HOME Investment Partnership Program

Accounts for HOME Investment Partnership grants received for community services.

CITY OF LINCOLN
Nonmajor Special Revenue Funds

Redevelopment Agency

Accounts for redevelopment tax increment revenues received to provide the community with a tool for economic development.

Low/Moderate Income Housing

Accounts for the redevelopment tax increment revenues received to provide the community with a tool for economic development.

Oak Tree Mitigation

Accounts for monies received from developers to replace oak trees that have been removed for development of land.

Other Special Revenue Funds

Accounts for the activities of several Special Revenue Funds that include:

- State Grant - Advance
- Cal Home Grants
- Other Federal Grants

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CITY OF LINCOLN
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2012

	Park In-Lieu	Gas Tax	Supplemental Fees	Parks and Recreation Tax
ASSETS				
Cash and investments	\$ 970,233	\$ 2,691,231	\$ 129,168	\$ 16,809
Accounts receivable (net of allowance)	-	-	-	-
Interest receivable	107	295	345	2
Taxes receivable	-	119,124	-	-
Due from other governments	-	-	-	-
Due from other agencies	-	-	-	-
Due from other funds	-	4,609	3,000,000	-
Investment in JPA	-	7,309	-	-
Advances to other funds	-	-	-	-
Restricted cash and investments	-	-	-	-
Loans receivable	-	-	-	-
Total Assets	\$ 970,340	\$ 2,822,568	\$ 3,129,513	\$ 16,811
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 5,218	\$ -	\$ -
Accrued salaries and benefits	-	9,769	-	-
Other accrued liabilities	-	-	-	-
Deposits payable	-	-	-	-
Retention payable	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
Unearned revenue	-	-	204,300	39,936
Total Liabilities	-	14,987	204,300	39,936
Fund Balances:				
Nonspendable	-	7,309	3,000,000	-
Restricted	970,340	2,800,272	-	-
Unassigned	-	-	(74,787)	(23,125)
Total Fund Balances	970,340	2,807,581	2,925,213	(23,125)
Total Liabilities and Fund Balances	\$ 970,340	\$ 2,822,568	\$ 3,129,513	\$ 16,811

Development Services	Police Grants	Revitalization and Rehabilitation Loans	Community Development Block Grant (CDBG)	HOME Investment Partnership Program	Redevelopment Agency	Low/Moderate Income Housing	Oak Tree Mitigation
\$ 866,819	\$ 5,028	\$ 793,676	\$ 990,572	\$ 131,203	\$ -	\$ -	\$ 605,972
(3,921)	-	-	-	-	-	-	-
420	-	415	109	14	-	-	118
-	-	-	-	-	-	-	-
4,301	-	-	-	-	-	-	-
-	-	-	-	-	-	-	270,469
2,950,769	-	-	-	-	-	-	197,175
39,990	-	-	-	-	-	-	-
-	-	-	-	-	-	-	2,298,490
-	-	-	456,909	-	-	-	-
-	-	112,170	566,017	2,167,330	-	-	-
<u>\$ 3,858,378</u>	<u>\$ 5,028</u>	<u>\$ 906,261</u>	<u>\$ 2,013,607</u>	<u>\$ 2,298,547</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,372,224</u>
\$ 212,183	\$ -	\$ -	\$ 5,040	\$ -	\$ -	\$ -	\$ -
33,954	4,126	-	-	-	-	-	-
82,170	-	-	-	-	-	-	-
466,194	-	-	-	-	-	-	18,817
-	-	-	-	-	-	-	-
-	-	-	919,308	100,682	-	-	-
-	-	-	-	-	-	-	-
1,162,432	-	-	-	-	-	-	-
<u>1,956,933</u>	<u>4,126</u>	<u>-</u>	<u>924,348</u>	<u>100,682</u>	<u>-</u>	<u>-</u>	<u>18,817</u>
2,724,932	-	-	-	-	-	-	2,298,490
-	902	906,261	1,426,892	2,197,865	-	-	1,054,917
(823,487)	-	-	(337,633)	-	-	-	-
<u>1,901,445</u>	<u>902</u>	<u>906,261</u>	<u>1,089,259</u>	<u>2,197,865</u>	<u>-</u>	<u>-</u>	<u>3,353,407</u>
<u>\$ 3,858,378</u>	<u>\$ 5,028</u>	<u>\$ 906,261</u>	<u>\$ 2,013,607</u>	<u>\$ 2,298,547</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,372,224</u>

CITY OF LINCOLN
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2012

	Other Special Revenue Funds	Totals
ASSETS		
Cash and investments	\$ 503,236	\$ 7,703,947
Accounts receivable (net of allowance)	-	(3,921)
Interest receivable	57	1,882
Taxes receivable	1,117,775	1,236,899
Due from other governments	-	4,301
Due from other agencies	-	270,469
Due from other funds	-	6,152,553
Investment in JPA	-	47,299
Advances to other funds	-	2,298,490
Restricted cash and investments	-	456,909
Loans receivable	565,452	3,410,969
Total Assets	\$ 2,186,520	\$ 21,579,797
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 462,772	\$ 685,213
Accrued salaries and benefits	4,277	52,126
Other accrued liabilities	-	82,170
Deposits payable	-	485,011
Retention payable	30,447	30,447
Due to other funds	422,773	1,442,763
Deferred revenue	22,349	22,349
Unearned revenue	365,000	1,771,668
Total Liabilities	1,307,618	4,571,747
Fund Balances:		
Nonspendable	-	8,030,731
Restricted	1,035,848	10,393,297
Unassigned	(156,946)	(1,415,978)
Total Fund Balances	878,902	17,008,050
Total Liabilities and Fund Balances	\$ 2,186,520	\$ 21,579,797

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CITY OF LINCOLN
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2012

	Park In-Lieu	Gas Tax	Supplemental Fees	Parks and Recreation Tax
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ -	\$ 29,376
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money and property	9,000	24,297	30,403	429
Intergovernmental	-	1,228,408	-	-
Charges for services	90,482	-	31,800	-
Other revenues	-	60,650	-	-
Total Revenues	99,482	1,313,355	62,203	29,805
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works and facilities	38,245	371,185	-	-
Urban development and housing	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	38,245	371,185	-	-
Excess of Revenues Over (Under) Expenditures	61,237	942,170	62,203	29,805
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(316,273)	-
Total Other Financing Sources (Uses)	-	-	(316,273)	-
Extraordinary gain (loss)	-	-	-	-
Net Change in Fund Balance	61,237	942,170	(254,070)	29,805
Fund Balances - Beginning	909,103	1,865,411	3,179,283	(52,930)
Prior period adjustment	-	-	-	-
Fund Balances - Beginning, Restated	909,103	1,865,411	3,179,283	(52,930)
Fund Balances - Ending	\$ 970,340	\$ 2,807,581	\$ 2,925,213	\$ (23,125)

Development Services	Police Grants	Revitalization and Rehabilitation Loans	Community Development Block Grant (CDBG)	HOME Investment Partnership Program	Redevelopment Agency	Low/Moderate Income Housing	Oak Tree Mitigation
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 838,125	\$ 209,531	\$ -
522,125	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
38,784	(38)	12,264	16,990	52,642	15,660	(2,925)	25,901
2,547	100,000	-	-	-	-	-	-
329,139	-	-	-	-	700	-	1,671
3,448	-	-	-	-	16,041	-	-
896,043	99,962	12,264	16,990	52,642	870,526	206,606	27,572
-	-	-	26,750	73,782	163,682	-	-
-	99,962	-	-	-	-	-	-
1,737,295	-	-	-	-	-	-	-
-	-	4,106	-	-	98,881	41,666	-
-	-	-	-	-	-	50,000	-
-	-	-	-	-	73,647	59,543	-
-	-	-	-	-	-	-	-
1,737,295	99,962	4,106	26,750	73,782	336,210	151,209	-
(841,252)	-	8,158	(9,760)	(21,140)	534,316	55,397	27,572
1,500	-	-	-	-	1,665	-	-
(285,086)	-	-	-	-	(819,447)	(3,865)	-
(283,586)	-	-	-	-	(817,782)	(3,865)	-
-	-	-	-	-	1,057,295	(4,565,504)	-
(1,124,838)	-	8,158	(9,760)	(21,140)	773,829	(4,513,972)	27,572
3,026,283	902	772,475	476,919	24,083	(4,603,438)	1,171,729	3,325,835
-	-	125,628	622,100	2,194,922	3,829,609	3,342,243	-
3,026,283	902	898,103	1,099,019	2,219,005	(773,829)	4,513,972	3,325,835
\$ 1,901,445	\$ 902	\$ 906,261	\$ 1,089,259	\$ 2,197,865	\$ -	\$ -	\$ 3,353,407

CITY OF LINCOLN
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2012

	Other Special Revenue Funds	Totals
REVENUES		
Taxes	\$ -	\$ 1,077,032
Licenses and permits	-	522,125
Fines and forfeitures	14,563	14,563
Use of money and property	7,191	230,598
Intergovernmental	1,764,959	3,095,914
Charges for services	-	453,792
Other revenues	-	80,139
Total Revenues	<u>1,786,713</u>	<u>5,474,163</u>
EXPENDITURES		
Current:		
General government	-	264,214
Public safety	-	99,962
Public works and facilities	847,185	2,993,910
Urban development and housing	-	144,653
Debt service:		
Principal	-	50,000
Interest and other charges	-	133,190
Capital outlay	<u>1,590,113</u>	<u>1,590,113</u>
Total Expenditures	<u>2,437,298</u>	<u>5,276,042</u>
Excess of Revenues Over (Under) Expenditures	<u>(650,585)</u>	<u>198,121</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	3,165
Transfers out	<u>-</u>	<u>(1,424,671)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(1,421,506)</u>
Extraordinary gain (loss)	<u>-</u>	<u>(3,508,209)</u>
Net Change in Fund Balance	<u>(650,585)</u>	<u>(4,731,594)</u>
Fund Balances - Beginning	965,099	11,060,754
Prior period adjustment	<u>564,388</u>	<u>10,678,890</u>
Fund Balances - Beginning, Restated	<u>1,529,487</u>	<u>21,739,644</u>
Fund Balances - Ending	<u><u>\$ 878,902</u></u>	<u><u>\$ 17,008,050</u></u>

Nonmajor Governmental Funds

- **Debt Service Funds**

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CITY OF LINCOLN
Nonmajor Debt Service Funds

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Nonmajor debt service funds used by the City are listed below:

Lincoln Public Financing Authority Series 2006-1

Accounts for debt service payments for the 2006 Lease Revenue Series 2004A Bonds which were used to construct the City administration facilities.

Lincoln Public Financing Authority Series 2004A

Accounts for the 2004 Special Tax Allocation Bonds which were used to finance certain redevelopment activities.

Lincoln Public Financing Authority Series 2000

Accounts for debt service payments on the 2000 Tax Allocation Revenue Bonds issued to finance certain public capital improvements.

Lincoln Public Financing Authority Series 2003

Accounts for the 2003 Lease Revenue Refunding Bonds which were used to construct the public safety facility and the corporate yard project.

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CITY OF LINCOLN
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2012

	Lincoln Public Financing Authority Series 2006-1	Lincoln Public Financing Authority Series 2004A	Lincoln Public Financing Authority Series 2000	Lincoln Public Financing Authority Series 2003	Totals
ASSETS					
Cash and investments	\$ 21,734	\$ -	\$ 1,424,912	\$ -	\$ 1,446,646
Interest receivable	2	-	162	-	164
Restricted cash and investments	949,019	-	474,876	720,736	2,144,631
Total Assets	<u>\$ 970,755</u>	<u>\$ -</u>	<u>\$ 1,899,950</u>	<u>\$ 720,736</u>	<u>\$ 3,591,441</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Restricted	970,755	-	1,899,950	720,736	3,591,441
Total Fund Balances	<u>970,755</u>	<u>-</u>	<u>1,899,950</u>	<u>720,736</u>	<u>3,591,441</u>
Total Liabilities and Fund Balances	<u>\$ 970,755</u>	<u>\$ -</u>	<u>\$ 1,899,950</u>	<u>\$ 720,736</u>	<u>\$ 3,591,441</u>

CITY OF LINCOLN
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended June 30, 2012

	Lincoln Public Financing Authority Series 2006-1	Lincoln Public Financing Authority Series 2004A	Lincoln Public Financing Authority Series 2000	Lincoln Public Financing Authority Series 2003	Totals
REVENUES					
Use of money and property	\$ 221	\$ (5)	\$ 14,981	\$ -	\$ 15,197
Total Revenues	221	(5)	14,981	-	15,197
EXPENDITURES					
Current:					
General government	-	-	7,365	-	7,365
Public works and facilities	6,936	6,150	-	6,909	19,995
Debt service:					
Principal	290,000	-	515,000	325,000	1,130,000
Interest and other charges	657,875	192,359	143,801	387,408	1,381,443
Total Expenditures	954,811	198,509	666,166	719,317	2,538,803
Excess of Revenues Over (Under) Expenditures	(954,590)	(198,514)	(651,185)	(719,317)	(2,523,606)
OTHER FINANCING SOURCES (USES)					
Transfers in	947,875	390,868	583,315	719,317	2,641,375
Transfers out	(10)	(192,359)	-	-	(192,369)
Total Other Financing Sources (Uses)	947,865	198,509	583,315	719,317	2,449,006
Extraordinary gain (loss)	-	(1,042,029)	-	-	(1,042,029)
Net Change in Fund Balance	(6,725)	(1,042,034)	(67,870)	-	(1,116,629)
Fund Balances - Beginning	977,480	1,042,034	1,967,820	720,736	4,708,070
Fund Balances - Ending	\$ 970,755	\$ -	\$ 1,899,950	\$ 720,736	\$ 3,591,441

Nonmajor Governmental Funds

- **Capital Projects Funds**

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CITY OF LINCOLN
Nonmajor Capital Projects Funds

The Capital Projects Funds are used to account for financial resources that are restricted, committed or assigned to expenditure for capital outlay. Nonmajor capital projects funds used by the City are listed below:

Lincoln Public Financing Authority City Hall Series 2006

Accounts for construction of the City administration facility.

Lincoln Redevelopment Agency Series 2004A

Accounts for the proceeds used to finance certain redevelopment activities of the Redevelopment Agency of the City of Lincoln (the “Agency”).

Nicolaus Road Redemption

Accounts for resources received for construction or purchase of improvements within the assessment district.

Lincoln Public Financing Authority Series 2003

Accounts for the Lincoln Public Financing Authority Lease Revenue Bond proceeds provided for the acquisition and improvement of a municipal corporation yard and public safety facility.

Capital Improvements

Accounts for bond proceeds, federal and local funds and transfers from other funds which are designated for various buildings and general improvements.

Twelve Bridges Capital Projects

Accounts for construction or purchase of improvements within the Twelve Bridges assessment district.

Highway 65 Capital Projects

Accounts for resources received for work on Highway 65.

Aiken Ranch Financial District Improvements

Accounts for resources received for construction or purchase of improvements within the assessment district.

Lakeside Community Facilities District (CFD) Capital Projects

Accounts for construction or purchase of improvements within the Lakeside assessment district.

Lincoln Crossing Capital Projects

Accounts for resources received for construction or purchase of improvements within the assessment district.

Foskett Ranch Series 2004-3

Accounts for resources received to construct improvements at Foskett Ranch.

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CITY OF LINCOLN
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2012

	Lincoln Public Financing Authority City Hall Series 2006	Lincoln Redevelopment Agency Series 2004A	Nicolaus Road Redemption	Lincoln Public Financing Authority Series 2003
ASSETS				
Cash and investments	\$ 147,200	\$ -	\$ -	\$ -
Interest receivable	16	-	-	-
Restricted cash and investments	508,472	-	-	176,225
Total Assets	<u>\$ 655,688</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 176,225</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to other funds	\$ -	\$ -	\$ -	\$ 91,073
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,073</u>
Fund Balances:				
Restricted	655,688	-	-	85,152
Total Fund Balances	<u>655,688</u>	<u>-</u>	<u>-</u>	<u>85,152</u>
Total Liabilities and Fund Balances	<u>\$ 655,688</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 176,225</u>

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CITY OF LINCOLN
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2012

	Lincoln Public Financing Authority City Hall Series 2006	Lincoln Redevelopment Agency Series 2004A	Nicolaus Road Redemption	Lincoln Public Financing Authority Series 2003
REVENUES				
Use of money and property	\$ 1,493	\$ 5,446	\$ 1,863	\$ -
Total Revenues	<u>1,493</u>	<u>5,446</u>	<u>1,863</u>	<u>-</u>
EXPENDITURES				
Current:				
Public works and facilities	-	-	7,000	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>7,000</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>1,493</u>	<u>5,446</u>	<u>(5,137)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	10	-	-	-
Transfers out	-	-	(228,665)	-
Total Other Financing Sources (Uses)	<u>10</u>	<u>-</u>	<u>(228,665)</u>	<u>-</u>
Extraordinary gain (loss)	-	(2,003,639)	-	-
Net Change in Fund Balance	<u>1,503</u>	<u>(1,998,193)</u>	<u>(233,802)</u>	<u>-</u>
Fund Balances - Beginning	654,185	1,998,193	233,802	85,152
Prior period adjustment	-	-	-	-
Fund Balances - Beginning, Restated	<u>654,185</u>	<u>1,998,193</u>	<u>233,802</u>	<u>85,152</u>
Fund Balances - Ending	<u>\$ 655,688</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,152</u>

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Nonmajor Governmental Funds

- **Permanent Funds**

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CITY OF LINCOLN
Nonmajor Permanent Funds

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting of the City's programs. Nonmajor permanent funds of the City are listed below:

Stormwater Retention Maintenance

Accounts for resources received for the purpose of protecting open space easements surrounding the stormwater retention area.

Suncal Open Space Endowment

Accounts for resources received for the purpose of preserving the open space endowment at the Suncal-Lincoln Crossing.

Brookview Open Space Maintenance Trust

Accounts for resources received for the purpose of preserving the open space within the Brookview 4 subdivision.

Sterling Point Endowment

Accounts for resources received for the purpose of protecting the open space and wetland habitat at Sterling Point.

WWTRF Tertiary Storage Basin Maintenance

Accounts for resources received for the purpose of providing erosion protection and vegetation control for the WWTRF storage basins.

Lincoln Aircenter

Accounts for resources received for the purpose of providing open space maintenance and management of the Lincoln Aircenter Open Space.

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CITY OF LINCOLN
Combining Balance Sheet
Nonmajor Permanent Funds
June 30, 2012

	Stormwater Retention Maintenance	Suncal Open Space Endowment	Brookview Open Space Maintenance Trust	Sterling Point Endowment
ASSETS				
Cash and investments	\$ 31,633	\$ 241,873	\$ -	\$ 58,892
Interest receivable	3	27	-	6
Restricted cash and investments	-	-	16,252	-
Total Assets	<u>\$ 31,636</u>	<u>\$ 241,900</u>	<u>\$ 16,252</u>	<u>\$ 58,898</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 239	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>239</u>	<u>-</u>
Fund Balances:				
Nonspendable	25,439	221,220	5,000	50,000
Restricted	6,197	20,680	11,013	8,898
Total Fund Balances	<u>31,636</u>	<u>241,900</u>	<u>16,013</u>	<u>58,898</u>
Total Liabilities and Fund Balances	<u>\$ 31,636</u>	<u>\$ 241,900</u>	<u>\$ 16,252</u>	<u>\$ 58,898</u>

WWTRF Tertiary Storage Basin Maintenance	Lincoln Aircenter	Totals
\$ 59,580	\$ 80,796	\$ 472,774
7	9	52
-	-	16,252
<u>\$ 59,587</u>	<u>\$ 80,805</u>	<u>\$ 489,078</u>

\$ -	\$ -	\$ 239
-	-	239

50,000	5,000	356,659
9,587	75,805	132,180
<u>59,587</u>	<u>80,805</u>	<u>488,839</u>
<u>\$ 59,587</u>	<u>\$ 80,805</u>	<u>\$ 489,078</u>

CITY OF LINCOLN
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Permanent Funds
For the Year Ended June 30, 2012

	Stormwater Retention Maintenance	Suncal Open Space Endowment	Brookview Open Space Maintenance Trust	Sterling Point Endowment
REVENUES				
Use of money and property	\$ 320	\$ 2,448	\$ 1	\$ 598
Total Revenues	<u>320</u>	<u>2,448</u>	<u>1</u>	<u>598</u>
EXPENDITURES				
Current:				
Public works and facilities	-	10,575	-	-
Total Expenditures	<u>-</u>	<u>10,575</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>320</u>	<u>(8,127)</u>	<u>1</u>	<u>598</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>320</u>	<u>(8,127)</u>	<u>1</u>	<u>598</u>
Fund Balances - Beginning	<u>31,316</u>	<u>250,027</u>	<u>16,012</u>	<u>58,300</u>
Fund Balances - Ending	<u><u>\$ 31,636</u></u>	<u><u>\$ 241,900</u></u>	<u><u>\$ 16,013</u></u>	<u><u>\$ 58,898</u></u>

WWTRF Tertiary Storage Basin Maintenance	Lincoln Aircenter	Totals
<u>\$ 605</u>	<u>\$ 821</u>	<u>\$ 4,793</u>
<u>605</u>	<u>821</u>	<u>4,793</u>
<u>-</u>	<u>-</u>	<u>10,575</u>
<u>-</u>	<u>-</u>	<u>10,575</u>
<u>605</u>	<u>821</u>	<u>(5,782)</u>
<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>
<u>605</u>	<u>821</u>	<u>(5,782)</u>
<u>58,982</u>	<u>79,984</u>	<u>494,621</u>
<u><u>\$ 59,587</u></u>	<u><u>\$ 80,805</u></u>	<u><u>\$ 488,839</u></u>

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Nonmajor Enterprise Funds

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CITY OF LINCOLN
Nonmajor Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed primarily through user charges; or where the City has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Nonmajor enterprise funds of the City are listed below:

Transit

Accounts for the activities of the City of Lincoln's transit services. The City of Lincoln provides fixed route and demand-response public transit services to its residents.

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CITY OF LINCOLN
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2012

	<u>Transit</u>	<u>Totals</u>
ASSETS		
Current Assets:		
Cash and investments	\$ 52,936	\$ 52,936
Accounts receivable (net of allowance)	140	140
Interest receivable	6	6
Due from other governments	1,011,397	1,011,397
Due from other funds	10,182	10,182
Prepaid costs	64	64
Total Current Assets	<u>1,074,725</u>	<u>1,074,725</u>
Noncurrent Assets:		
Capital assets:		
Depreciable, net	<u>776,237</u>	<u>776,237</u>
Total Noncurrent Assets	<u>776,237</u>	<u>776,237</u>
Total Assets	<u>1,850,962</u>	<u>1,850,962</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	53,877	53,877
Accrued salaries and benefits	15,215	15,215
Due to other funds	443,703	443,703
Compensated absences payable	<u>4,956</u>	<u>4,956</u>
Total Current Liabilities	<u>517,751</u>	<u>517,751</u>
Noncurrent Liabilities:		
Compensated absences payable	21,649	21,649
Net OPEB obligation	<u>166,729</u>	<u>166,729</u>
Total Noncurrent Liabilities	<u>188,378</u>	<u>188,378</u>
Total Liabilities	<u>706,129</u>	<u>706,129</u>
NET ASSETS		
Invested in capital assets, net of related debt	776,237	776,237
Unrestricted	<u>368,596</u>	<u>368,596</u>
Total Net Assets	<u>\$ 1,144,833</u>	<u>\$ 1,144,833</u>

CITY OF LINCOLN
Combining Statement of Revenues, Expenses, and
Changes in Net Assets
Nonmajor Enterprise Funds
For the Year Ended June 30, 2012

	<u>Transit</u>	<u>Totals</u>
OPERATING REVENUES		
Charges for services	\$ 51,090	\$ 51,090
Other revenues	561	561
Total Operating Revenues	<u>51,651</u>	<u>51,651</u>
OPERATING EXPENSES		
Salaries and benefits	504,824	504,824
Services and supplies	207,966	207,966
Support services	167,415	167,415
Depreciation	59,390	59,390
Total Operating Expenses	<u>939,595</u>	<u>939,595</u>
Operating Income (Loss)	<u>(887,944)</u>	<u>(887,944)</u>
NONOPERATING REVENUES (EXPENSES)		
Intergovernmental	1,012,343	1,012,343
Interest income	626	626
Total Nonoperating Revenues (Expenses)	<u>1,012,969</u>	<u>1,012,969</u>
Income (Loss) before Transfers	125,025	125,025
Transfers in	-	-
Transfers out	<u>(96,123)</u>	<u>(96,123)</u>
Change in Net Assets	28,902	28,902
Total Net Assets - Beginning	<u>1,115,931</u>	<u>1,115,931</u>
Total Net Assets - Ending	<u><u>\$ 1,144,833</u></u>	<u><u>\$ 1,144,833</u></u>

CITY OF LINCOLN
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2012

	<u>Transit</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 53,377	\$ 53,377
Payments to suppliers	(315,574)	(315,574)
Payments to employees	(423,864)	(423,864)
Net Cash Provided (Used) by Operating Activities	<u>(686,061)</u>	<u>(686,061)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Intergovernmental revenues received	1,134,626	1,134,626
Transfers to other funds	(96,123)	(96,123)
Interfund loans made	(10,182)	(10,182)
Interfund loans repaid	(343,014)	(343,014)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>685,307</u>	<u>685,307</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends	<u>817</u>	<u>817</u>
Net Cash Provided (Used) by Investing Activities	<u>817</u>	<u>817</u>
Net Increase (Decrease) in Cash and Cash Equivalents	63	63
Balances - Beginning of the Year	<u>52,873</u>	<u>52,873</u>
Balances - End of the Year	<u>\$ 52,936</u>	<u>\$ 52,936</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (887,944)	\$ (887,944)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	59,390	59,390
Write-off of construction in progress	9,531	9,531
Decrease (Increase) in:		
Accounts receivable	1,726	1,726
Prepaid costs	2,329	2,329
Increase (Decrease) in:		
Accounts payable	47,947	47,947
Accrued salaries and benefits	5,290	5,290
Compensated absences payable	5,921	5,921
Net OPEB obligation	69,749	69,749
Net Cash Provided (Used) by Operating Activities	<u>\$ (686,061)</u>	<u>\$ (686,061)</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Write-off of construction in progress	\$ 9,531	\$ 9,531

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Internal Service Funds

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CITY OF LINCOLN
Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments on a cost-reimbursement basis. Internal Service Funds used at the City are listed below:

Internal Service Fund

Accounts for the City's Fleet maintenance and insurance programs which provide services to other departments on a cost reimbursement basis.

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CITY OF LINCOLN
Statement of Net Assets
Internal Service Fund
June 30, 2012

	<u>Total</u>
ASSETS	
Current Assets:	
Cash and investments	\$ 345,928
Accounts receivable (net of allowance)	263
Interest receivable	120
Due from other governments	10,480
Due from other funds	451,901
Investment in JPA	(1,857)
	<u>806,835</u>
Total Current Assets	<u>806,835</u>
Noncurrent Assets:	
Capital assets:	
Depreciable, net	<u>58,057</u>
Total Noncurrent Assets	<u>58,057</u>
Total Assets	<u>864,892</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	288,337
Accrued salaries and benefits	80,779
Compensated absences payable	58,223
	<u>427,339</u>
Total Current Liabilities	<u>427,339</u>
Noncurrent Liabilities:	
Compensated absences payable	<u>254,679</u>
Total Noncurrent Liabilities	<u>254,679</u>
Total Liabilities	<u>682,018</u>
NET ASSETS	
Invested in capital assets, net of related debt	58,057
Unrestricted	124,817
	<u>182,874</u>
Total Net Assets	<u><u>\$ 182,874</u></u>

CITY OF LINCOLN
Statement of Revenues, Expenses, and
Changes in Net Assets
Internal Service Fund
For the Year Ended June 30, 2012

	<u>Total</u>
OPERATING REVENUES	
Charges for services	\$ 4,641,539
Other revenues	<u>(3,969)</u>
Total Operating Revenues	<u>4,637,570</u>
OPERATING EXPENSES	
Salaries and benefits	2,471,198
Services and supplies	2,177,261
Depreciation	<u>19,319</u>
Total Operating Expenses	<u>4,667,778</u>
Operating Income (Loss)	<u>(30,208)</u>
NONOPERATING REVENUES (EXPENSES)	
Intergovernmental	32,519
Interest income	<u>5,890</u>
Total Nonoperating Revenues (Expenses)	<u>38,409</u>
Income (Loss) before Transfers	8,201
Transfers in	-
Transfers out	<u>-</u>
Change in Net Assets	8,201
Total Net Assets - Beginning	<u>174,673</u>
Total Net Assets - Ending	<u><u>\$ 182,874</u></u>

CITY OF LINCOLN
Statement of Cash Flows
Internal Service Fund
For the Year Ended June 30, 2012

	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 4,646,841
Payments to suppliers	(2,027,843)
Payments to employees	(2,508,433)
	<u>110,565</u>
Net Cash Provided (Used) by Operating Activities	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Intergovernmental revenues received	22,039
Interfund loans made	(451,901)
	<u>(429,862)</u>
Net Cash Provided (Used) by Noncapital Financing Activities	
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends	11,631
	<u>11,631</u>
Net Cash Provided (Used) by Investing Activities	
Net Increase (Decrease) in Cash and Cash Equivalents	(307,666)
Balances - Beginning of the Year	<u>653,594</u>
Balances - End of the Year	<u><u>\$ 345,928</u></u>
 RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (30,208)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	19,319
Decrease (Increase) in:	
Accounts receivable	9,271
Prepaid costs	18,857
Increase (Decrease) in:	
Accounts payable	130,561
Accrued salaries and benefits	(12,819)
Compensated absences payable	(24,416)
	<u>110,565</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 110,565</u></u>

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Fiduciary Funds

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CITY OF LINCOLN

Fiduciary Funds

The Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs.

Private Purpose Trust Funds

These funds are used to report other trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The private purpose trust funds maintained by the City include the following:

Successor Agency to the Redevelopment Agency of the City of Lincoln

The fund is used to report the dissolution of the Redevelopment Agency of the City of Lincoln.

Agency Funds

These funds are used to report resources held by the City in a purely custodial capacity. The agency funds maintained by the City include the following:

Little League Fund

Accounts for monies held as agent for Little League activities.

Markham Ravine Neighborhood Trust

Accounts for resources received for the purpose of preserving open space surrounding the Markham Ravine area.

Lincoln Airpark 98-1

Accounts for monies held from the Community Facilities District No. 1998-1 Special Tax Bonds to finance the acquisition of public improvements to property within the community facilities district and finance wetland mitigation measures. Revenue received from property tax assessment. These bonds are not a liability of the City.

Twelve Bridges Series 2001

Accounts for the monies held from the Twelve Bridges Limited Obligation Revenue Bonds held to finance the construction/acquisition of public improvements within the assessment district. Monies are received from special tax assessments. These bonds are not a liability of the City.

Twelve Bridges Series 2011

Accounts for the monies held from the Twelve Bridges Refunding Bonds Series 2011 for improvements within the assessment district. Monies are received from special tax assessments. These bonds are not a liability of the City.

CITY OF LINCOLN Fiduciary Funds

Foskett Ranch Series 2004-3

Accounts for the monies held from the Limited Obligation Revenue Bonds held to finance the construction/acquisition of public improvements within the assessment district. Monies are received from special tax assessments. These bonds are not a liability of the City.

Lakeside CFD Series 2006

Accounts for the monies held from the Special Tax Bonds for the acquisition improvements within the Lakeside Area 2 assessment district. These bonds are not a liability of the City.

Special Tax Revenue Bond 2007 A&B

Accounts for the monies held from the purchase of the Local Obligations to acquire, construct and improve the Lincoln Crossing 2003-1 assessment district. These bonds are not a liability of the City.

CFD Sorrento Series 2009

Accounts for the monies held from the Special Tax Bonds for improvements within the Sorrento Project 2005-A Assessment District. Monies are received from special tax assessments. These bonds are not a liability of the City.

Capital Improvements

Accounts for bond proceeds, federal and local funds and transfers from other funds which are designated for various buildings and general improvements.

Twelve Bridges Capital Projects

Accounts for construction or purchase of improvements within the Twelve Bridges assessment district.

Highway 65 Capital Projects

Accounts for resources received for work on Highway 65.

Aiken Ranch Financial District Improvements

Accounts for resources received for construction or purchase of improvements within the assessment district.

Lakeside Community Facilities District (CFD) Improvement Area

Accounts for construction or improvements with the Lakeside assessment district.

Lincoln Crossing Capital Projects

Accounts for resources received for construction or purchase of improvements within the assessment district.

CITY OF LINCOLN
Fiduciary Funds

Foskett Ranch Series 2004-3

Accounts for resources received to construct improvements at Foskett Ranch.

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CITY OF LINCOLN
Combining Statement of Fiduciary Net Assets
Private Purpose Trust Funds
June 30, 2012

Successor Agency to the Redevelopment Agency of the City of Lincoln						Total Private Purpose Trust Funds
	Low/Moderate Income Housing	Redevelopment Agency	Capital Projects	Debt Service		
ASSETS						
Current Assets:						
Cash and investments	\$ 161,713	\$ 842,372	\$ 957,407	\$ 944	\$ 1,962,436	
Interest receivable	18	110	105	-	233	
Investment in JPA	-	3,061	-	-	3,061	
Advances to other funds	879,389	-	-	-	879,389	
Deferred charges	-	389,015	-	-	389,015	
Restricted cash and investments	20,573	-	1,050,401	1,041,085	2,112,059	
Loans receivable	3,476,784	3,916,610	-	-	7,393,394	
Capital assets:						
Non-depreciable	-	1,038,800	-	-	1,038,800	
Depreciable, net	-	160,617	-	-	160,617	
Total Assets	4,538,477	6,350,585	2,007,913	1,042,029	13,939,004	
LIABILITIES						
Current Liabilities:						
Accounts payable	-	300	-	-	300	
Interest payable	-	178,683	-	-	178,683	
Deposits payable	-	4,414	-	-	4,414	
Advances from other funds	-	879,389	-	-	879,389	
Due to other agencies	-	4,469,781	-	-	4,469,781	
Long-term debt:						
Due within one year	-	539,924	-	-	539,924	
Due in more than one year	-	11,981,856	-	-	11,981,856	
Total Liabilities	-	18,054,347	-	-	18,054,347	
NET ASSETS						
Net assets held in trust	4,538,477	(11,703,762)	2,007,913	1,042,029	(4,115,343)	
Total Net Assets	\$ 4,538,477	\$(11,703,762)	\$ 2,007,913	\$ 1,042,029	\$ (4,115,343)	

CITY OF LINCOLN
Combining Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Funds
For the Year Ended June 30, 2012

	Successor Agency to the Redevelopment Agency of the City of Lincoln				Total Private Purpose Trust Funds
	Low/Moderate Income Housing	Redevelopment Agency	Capital Projects	Debt Service	
ADDITIONS					
Property taxes	\$ 1,646	\$ 687,998	\$ -	\$ -	\$ 689,644
Interest and investment income	29,618	99,823	4,274	-	133,715
Other contributions	-	7,190	-	-	7,190
Total Additions	31,264	795,011	4,274	-	830,549
DEDUCTIONS					
Program expenses	-	83,885	-	-	83,885
Interest expense	58,293	236,960	-	192,359	487,612
Depreciation	-	4,493	-	-	4,493
Amortization	-	40,259	-	-	40,259
Total Deductions	58,293	365,597	-	192,359	616,249
Transfers in	-	-	-	192,359	192,359
Transfers out	-	(192,359)	-	-	(192,359)
Extraordinary gain (loss)	4,565,506	(11,940,817)	2,003,639	1,042,029	(4,329,643)
Change in Net Assets	4,538,477	(11,703,762)	2,007,913	1,042,029	(4,115,343)
Total Net Assets - Beginning	-	-	-	-	-
Total Net Assets - Ending	\$ 4,538,477	\$(11,703,762)	\$ 2,007,913	\$ 1,042,029	\$ (4,115,343)

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CITY OF LINCOLN
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2012

	Little League	Markham Ravine Neighborhood Trust	Lincoln Airpark 98-1	Twelve Bridges Series 2001	Twelve Bridges Series 2011
ASSETS					
Cash and investments	\$ 40,897	\$ 7	\$ 419,322	\$ -	\$ 6,807,248
Interest receivable	5	-	46	-	671
Special assessments receivable	-	-	-	-	328,369
Restricted cash and investments	-	-	220,783	26	3,913,400
Total Assets	\$ 40,902	\$ 7	\$ 640,151	\$ 26	\$ 11,049,688
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Other accrued liabilities	-	-	-	-	-
Deposits payable	-	-	-	-	-
Due to other agencies	-	-	-	-	-
Due to property owners	-	-	640,151	26	11,049,688
Unearned revenue	-	-	-	-	-
Agency obligations	40,902	7	-	-	-
Total Liabilities	\$ 40,902	\$ 7	\$ 640,151	\$ 26	\$ 11,049,688

Foskett Ranch Series 2004-3	Lakeside CFD Series 2006	Special Tax Revenue Bond 2007 A&B	CFD Sorrento Series 2009	Capital Improvements	Twelve Bridges Capital Projects	Highway 65 Capital Projects	Aiken Ranch Financial District Improvements
\$ 473,329	\$ 317,687	\$ 8,937,171	\$ 118,119	\$ 315,949	\$ 6,244,698	\$ 1,365,167	\$ 78,697
62	35	999	4	35	2,129	150	9
5,899	845	98,473	2,827	-	-	-	-
399,190	647,892	7,572,798	268,167	3,683,458	4,652,528	-	294
<u>\$ 878,480</u>	<u>\$ 966,459</u>	<u>\$ 16,609,441</u>	<u>\$ 389,117</u>	<u>\$ 3,999,442</u>	<u>\$10,899,355</u>	<u>\$ 1,365,317</u>	<u>\$ 79,000</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,543	\$ -	\$ 554,718	\$ -
-	-	-	-	-	7,108	-	-
-	-	-	-	-	-	-	74,026
-	-	-	-	-	237,731	16,399	-
878,480	966,459	16,609,441	366,517	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	22,600	3,997,899	10,654,516	794,200	4,974
<u>\$ 878,480</u>	<u>\$ 966,459</u>	<u>\$ 16,609,441</u>	<u>\$ 389,117</u>	<u>\$ 3,999,442</u>	<u>\$10,899,355</u>	<u>\$ 1,365,317</u>	<u>\$ 79,000</u>

CITY OF LINCOLN
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2012

	Lakeside CFD Improvement Area	Lincoln Crossing Capital Projects	Foskett Ranch Series 2004-3	Totals
ASSETS				
Cash and investments	\$ 94,950	\$ 1,533,768	\$ -	\$ 26,747,009
Interest receivable	10	920	-	5,075
Special assessments receivable	-	-	-	436,413
Restricted cash and investments	2,761,077	3,840,830	217,658	28,178,101
Total Assets	\$ 2,856,037	\$ 5,375,518	\$ 217,658	\$ 55,366,598
LIABILITIES				
Accounts payable	\$ -	\$ 965,483	\$ -	\$ 1,521,744
Other accrued liabilities	-	-	-	7,108
Deposits payable	90,000	-	-	164,026
Due to other agencies	10,780	1,063	4,496	270,469
Due to property owners	-	-	-	30,510,762
Unearned revenue	-	536,365	-	536,365
Agency obligations	2,755,257	3,872,607	213,162	22,356,124
Total Liabilities	\$ 2,856,037	\$ 5,375,518	\$ 217,658	\$ 55,366,598